The MAGAZINE of WALL STREET

AMERICA'S LEADING FINANCIAL PUBLICATION

EDITED BY
Richard D. Wyckoff

How Nine Business Leaders View Situation

Which Are The Ten Best Oils?

Reorganization Plan of St. Paul | **Prospects for Railway Equipment Securities**

Will Inheritance Taxes Bankrupt Your Estate?

By United States Senator
Robert L. Owen

3, No. 5 JULY 4th, 1925 35c a Copy

New Issue
ADAIR
Protected Bonds

$1,500,000

Hotel ST. FRANCES *and*

ST. FRANCES *Apartment Hotel*
San Antonio, Texas

6½%

First Mortgage Serial Gold
BONDS

(Appraised value of security $2,626,250)

A 57% LOAN

DATE: June 15, 1925. TERM: 2 to 12 years. INTEREST PAYABLE: Semi-annually. CALLABLE: At 104 and interest within 6 years, and 102 and interest thereafter before maturity. TAXES: Federal Income Tax up to 2%; Personal Property Tax: Pennsylvania, Connecticut, Maryland and District of Columbia; Massachusetts Income Tax up to 6%; refunded by borrower upon request. DENOMINATIONS: $1,000, $500 and $100.

For July Funds
—*this exceptionally well secured bond issue*

Security Under Mortgage

These bonds are secured by a direct closed first mortgage upon the land, buildings, furniture, furnishings and complete equipment, described as follows:

(a) The site for the Hotel St. Frances being the north corner of Avenue E and Third Street, fronting 141.3 on Avenue E and 125.65 on Third Street.

(b) The site for the St. Frances Apartment Hotel, occupying the opposite (west) corner of Avenue E and Third Street fronting 137.4 on Avenue E and 50 feet on Third Street.

(c) The East corner of Avenue E and Third Street fronting 65 feet 4 inches on Avenue E and 220 feet on Third Street, upon which is situated a one story garage, with foundations for a 12-story building.

(d) A plot of ground fronting 151 feet on Avenue E with a depth of 176 feet. This lot is only 50 feet from the new Medical Arts Building—a magnificent structure on the corner of Houston Street and Avenue E.

The entire property described above has been appraised by the San Antonio Real Estate Board at $700,000.

Note:—The additional security (c) and (d) may be released upon payment to the trustee of a sum equal to the appraised value of said security or upon retirement of an equal amount of bonds of the last maturity.

(e) HOTEL ST. FRANCES, a 12-story and basement (including roof garden) reinforced fireproof structure to be erected on the north corner of Avenue E and Third Street. The St. Frances will be the largest and finest hotel in San Antonio. It will contain 434 rooms with private baths. Every room will have an outside exposure. The hotel will be modern in every respect. Furniture, furnishings and complete equipment will be of the highest type. The main dining room will be on the top floor. The ground floor will be devoted to shops, lobby and coffee room. The building will be served by three elevators.

(f) ST. FRANCES APARTMENT HOTEL—to be erected on the west corner of Avenue E and Third Street. The building will be 12 stories in height with basement, of reinforced concrete fireproof construction, containing 126 completely furnished apartments. Approximately half of the total number of apartments will afford housekeeping facilities. The large dining room will be situated on the top floor. On the ground floor will be several shops, lobby and coffee room. Furniture, furnishings and all equipment will be of the highest character.

Total cost of the two structures described above has been figured at $1,926,250.

Completion of the Hotel St. Frances and the St. Frances Apartment Hotel will be guaranteed by a Surety Bond issued on behalf of the contractor. In addition, completion of these structures is unconditionally guaranteed to the bondholders by the Adair Realty & Trust Company.

Personal Guarantee

In addition to the above ample security, the bonds are a personal obligation of the mortgagors—S. L. and Frances H. Jeffers, who individually and collectively guarantee payment of principal and interest. The net worth of the mortgagors is reliably reported to be in excess of $2,500,000.

LOCATION—No more desirable location could be found for two structures of this character than the opposite corners of Avenue E and Third Street. This location is immediately adjacent the main business and shopping section. It is only a short block from the famous Alamo Plaza; in the heart of San Antonio. In the same block on Avenue E are some of San Antonio's finest and newest buildings.

DEMAND—San Antonio, with a population in excess of 225,000, is today the largest city in Texas. It is situated in the heart of an amazingly rich country, being the gateway to the Rio Grande Valley, one of the most fertile agricultural sections in the world. It is headquarters for a vast oil-producing section. A large jobbing and railroad center, it is also a tremendous cattle market and one of the largest wool markets in the world.

Hotel and apartment accommodations are far below the level of other Southern cities of corresponding size.

EARNINGS—Gross earnings from the two structures, after liberal allowance for vacancies (including net lease of $11,200 from garage), have been estimated at $490,494, total expenses at $193,450, leaving an estimated annual net income of $297,044, OVER THREE TIMES the greatest annual interest requirements.

Optional Surety Guarantee

At the option of the investor any bonds of this issue may be guaranteed both as to principal and interest for the full term of the loan by one of the largest and best known Surety Companies in the United States, for an annual premium of one half of one per cent.

Prices and Maturities

1927 and 1928 to yield 6.25%
1929 to yield 6.30% — 1931 to yield 6.40%
1930 to yield 6.35% — 1932 to yield 6.45%
1933-1937, inclusive, to yield 6.50%

Mail the coupon today for descriptive circular of this and other attractive issues of Adair Protected Bonds.

Adair Realty & Trust Company
The South's Oldest Mortgage Investment House

Founded 1865 ATLANTA
PHILADELPHIA, Packard Building

NEW YORK
Adair Realty & Mortgage Co., Inc., Exclusive Distributors, 270 Madison Avenue. *(Ownership Identical.)*

Mail

to nearest office or distributor Dept. J-13

Gentlemen:—

Please send me descriptive circular of the St. Frances first mortgage bonds and July offering sheet. I am interested in an investment of

$........., maturing ....

Name ....

Address ....

Member Audit Bureau of Circulation

CONTENTS

Vol 36, No. 5 July 4th, 1925

Copyrighted and published by the Ticker Publishing Co., 42 Broadway, New York, N. Y. Richard D. Wyckoff, Editor. E. D. King, Managing Editor. Victor E. Graham, Advertising Manager. The information herein is obtained from reliable sources, and, while not guaranteed, we believe it to be accurate. Single copies on newsstands in U. S. and Canada, 35 cents. Place a standing order with your newsdealer and he will secure copies regularly. Entered as second class matter January 30, 1915, at P. O., New York, N. Y., Act of March 3, 1879. Published every other Saturday.

SUBSCRIPTION PRICE, $7.50 a year, in advance. Foreign subscribers please send international money order for U. S. Currency, including $1.00 extra for postage (Canadian 50 cents extra).

TO CHANGE ADDRESS—Write us name and old address in full, new address in full, and get notice to us two weeks before issue you desire sent to the new address.

EUROPEAN REPRESENTATIVES: The International News Company, Ltd., Breams Building, London, E. C. 4, England.

With the Editors

How to Lose Money In Stocks Quickly

FOR those who have not the patience to witness their cash slipping slowly away from them in stock speculation and who prefer to get over with the agony quickly, we suggest any or all of the following courses. In fact, we don't know of anything that will beat these recipes for practically instantaneous losses in the stock market:

1) *Sell stocks short where the floating supply is very small.* This beats them all. All you need is to give your broker a selling order. He'll do the rest. The chances are that you will find in the next morning's mail two confirmation slips, one informing you that you have sold Nash Motors short at 300 and the other that you have covered at 350 or 400 or some such fancy figure. If not satisfied with this, we present another thought:

2) *Select a broker whose margin requirements are extremely small.* This may take a little longer for the desired purpose but works just as surely. The idea is to hand your broker say $1,000 and buy 100 shares of Cast Iron Pipe. The only trouble with this is that you may have half your margin left at the end of the first day's trading, but by 11:00 A. M. the next day, at the latest, you should be able to check off the entire amount against your income tax. Another idea along the same line which is a great favorite with many is:

3) *Step into the nearest brokerage office and take the first tip offered by any one of the loungers.* The only trouble with this is that the tip may be a good one but in speculation one must take chances. In any case, even if the first tip proves correct, surely the next one you take will part you painlessly and quickly from your money. If this recipe looks doubtful, try:

4) *Buy heavily of low-priced stocks of companies which are about to be taken in hand by the coroner.* One should be careful to do this, however, just before the assessment is levied so as to shorten the period in which the loss is taken. Otherwise, one may become an involuntary investor.

The methods outlined above have been found extremely efficient by a great many and we recommend them to all who have a contemptuous regard for their money; to those who do not desire to build for their future income; and to those who believe in Omar Khayam's doctrine: A short life—but a merry one.

In The Next Issue

1. *Special Public Utility Number*

—greatly enlarged to include the most important factors affecting the public utility field. The progress made in the electric light and power, gas, telephone and traction fields are described comprehensively. Other articles are on changes in public utility financing, costs, regulation, etc. The entire field of public utility securities has been scoured for the best recommendations. We believe this department sets a high-water mark for general usefulness and suggest that the issue be retained for reference.

2. *Leading Standard Oil Securities*

—covering the best opportunities among this great group of stocks. As a class, the Standard Oils have not yet discounted current and prospective prosperity in the industry. The investor should find this article unusually valuable in view of the present stock market situation.

3. *Latest Developments in the Railroad Field*

—a newsy summary giving a broad picture of all the leading factors affecting railroad issues. Among the more important topics will be a discussion of the famous Loree Plan; agitation in the Northwest for higher rail rates; stock market situation and outlook, and many other affairs of current interest to investors.

4. *Which Are the Most Attractive Insurance Stocks?*

—though stock values, as a group, are unattractive, there are still a number of excellent opportunities for investors who desire an adequate yield combined with possibilities of price enhancement. This article shows the opportunities available in the insurance stock field.

The above represent merely four features of an unusually interesting number which we believe will be found very helpful by the rank and file of our investor-readers.

July 18—Special Public Utility Number

The MAGAZINE of WALL STREET

EDITOR
RICHARD D. WYCKOFF

MANAGING EDITOR
E. D. KING

INVESTMENT & BUSINESS TREND

Business Prospects Gaining—Wheat Trading Attacked—Bond Market Near Peak?—An Electrical Age—The Market Prospect

THOUGH general business conditions are still irregular and offer many striking contrasts, there is an air of returning confidence among business people. Favorable summer weather conditions have stimulated trade throughout the country and merchants have made satisfactory progress in liquidating seasonal stocks. Employment continues at a high rate though in individual industries such as bituminous coal and cotton manufacturing, particularly the former, a large percentage of labor is idle. The steel industry is still more or less in the doldrums with little expectation of improvement in the near future. On the other hand, many of the automobile plants are still operating at full blast; and there has been some improvement among companies manufacturing farm machinery. Manufacturers of electrical equipment are in good shape but the railroad equipment makers are complaining of poor business. It is evident, therefore, that so far as the basic industries are concerned, conditions are rather spotted. This situation is being reflected in current railroad earnings reports which in several important sections of the country show a decrease from last year.

It is obvious that the boom year so confidently predicted at the beginning of the year has not materialized to date nor are conditions likely to change greatly in the balance of the year. Generalizations are always dangerous and at this stage would be more than ordinarily risky. The safest course is to ascertain the condition of individual industries and to determine from such an analysis the probabilities for the future so far as they affect these individual industries. At this writing, it seems safe to offer the following opinions: industries which are in a strong position or are likely to improve in about the order given are: public utilities, petroleum, automobile and tires, building, electrical equipment, retail trade (particularly mail-order and chain stores), farm machinery, sugar and chemicals. Industries which are in a weak position and not likely to do much better in the near future without emphasizing the order in which they are given are: bituminous coal, textiles, metals, particularly copper, even though the latter may show periodic strength, railroad equipment, steel and iron, and a few of the weaker railroads.

ATTACK ON WHEAT TRADING

RECENT publication of data bearing on the speculation in wheat during the early part of the year has been accompanied by indirect threats that unless manipulation in the wheat pit can be checked, the Government might not be averse to seeing new legislation put on the books which would tend to limit the speculative machinery. The weakness of this attitude can be appreciated from the fact that official or semi-official resentment against wheat manipulation seems to have been caused by the recent drastic decline but not by the preceding advance. In other words, if wheat goes up, O. K., but if wheat goes down, then let's set the wolves loose. Of course, such an attitude is dictated by political necessity, the farmers of the North-

west complaining bitterly against the last drive against the price of their product. The Administration probably feels that it must stand in well with the farmers. Hence, the possibility of new legislation, unless the Chicago Board of Trade takes action first. We are not in sympathy with an Administration attempt to reform the methods of the Chicago Board of Trade merely because of political necessity. Such a cure would be worse than the evil it pretended to eradicate and would set an unwelcome precedent. Undoubtedly, the Chicago Board of Trade can be counted on to improve its machinery of trading, if it is required, without the urge of possible Government action induced by political expediency.

BONDS CONTINUE ADVANCE

OWING to the renewed ease of money rates, high-grade bonds have been exceptionally strong, Government issues leading the van. Best opinion on the bond market is that the present advance is nearing its crest and that the peak will be reached simultaneously with the prospective increase in money rates, which is expected to materialize at the beginning of autumn. For those who do not care to carry their high-grade bonds through even a moderate decline, this would appear as good an opportunity as any to dispose of their issues, placing the funds received in equally secured short-term notes of a year or two duration.

ELECTRICAL AGE

CONTINUED expansion in the demand for electrical equipment of every conceivable variety, particularly in connection with public utility requirements, has undoubtedly justified the increasing public demand for the securities of important corporations engaged in manufacturing such equipment. Hydro-electric power development, electrification of railroads, bigger and better turbine engines for industrial and shipping concerns, radio development on a huge scale, not to speak of extension of the use of electricity for purely household and ordinary business purposes makes it evident that far from having reached its limit of growth, the electrical industry has probably not done much more as yet than scratch the surface. Within a decade perhaps, every farm in the country as well as urban residences and business buildings will be electrically lighted. Use of electrical devices for home use as well as the radio will be greatly expanded. Industries struggling along with inadequate or obsolete equipment will be run entirely by electricity. The picture of the future of this industry seems clear enough. It need not be said of course that investors will participate largely in the profits accruing from the future great development of representative corporations in this field.

The Market Prospect

REPEATED efforts on the part of professional traders to depress stocks have met with little success. In the meantime, pools in a few individual stocks have been busy marking up the price of their favorites. Judged, however, by the volume of shares dealt in, the public is not taking to the market with any show of enthusiasm. On the other hand, failure of recent bear drives makes it apparent that the underlying position of the main body of stocks is quite firm.

Recent developments calculated to affect the stock market movement have not been conclusive. Summer lassitude appears to have overcome business and matters are proceeding on just about an even keel. It is worth noting, however, that there is an increasing spirit of hopefulness in regard to conditions in autumn.

Call money rates are considerably firmer due to mid-year transfers incidental to Government operations and interest-dividend payments. This situation is merely temporary. Rates during the balance of summer should be easy but show a tendency to rise at the commencement of autumn.

The market, as a whole, is concededly at very high levels, but if business improves as expected, it is possible that there will be a final spurt of stock inflation later on. The few remaining speculative opportunities seem to be among the better grade oils, steels and sugars; farm machinery stocks and, above all, the best class of railroad shares, in which an important upward movement is expected within several months. It need not be repeated that at this stage of the market, speculative commitments should be severely limited and present holdings closely watched.

Monday, June 29, 1925.

Europe Moving Toward New Catastrophe

—Hon. Austen Chamberlain

What Chamberlain and Other Prominent European Men Say About Their Own Situation of Vital Interest to American Investors

FOR a long time past American people have been assured by scores of returning financiers, trade authorities, and others, that "in spite of many difficulties, Europe is slowly recovering its financial and economic equilibrium." These assurances have arisen from what are regarded as so many responsible quarters that Americans have come to accept them at par and are therefore willing to overlook any little hints to the contrary which may, in an inconspicuous form, have been presented in our public press.

It seems about time that citizens of the United States, instead of accepting the European situation as settled along the lines indicated, and instead of regarding their own transient visitors to Europe as authorities on the European question, should pay some attention to what Europeans say about their own affairs. One cannot visit Europe, come in contact with important authorities there, and scan the pages of the European press without being convinced of the fact that our American investigators' opinions are in surprising contrast to those held abroad.

THE statements made in this article were collected by an American traveler recently returned from Europe. They represent the views of leading European authorities on the European situation and outlook. Like most of the opinions held by Europeans on their economic future, the views given in this article are pessimistic. Some allowance, of course, must be made for the fact that they were uttered not entirely without political bias. Nevertheless, we believe the statements cast an interesting sidelight on the situation and that our readers should be in possession of the facts. These we are not attempting to interpret. Our readers may draw their own conclusions.

Last April 6, the Hon. Austen Chamberlain in a speech said: "It is six years since greatest of peace treaties was signed and yet it is impossible to move as I have done . . . . among statesmen of many countries and not feel that though peace was signed six years ago there is not an atmosphere of peace even today. Fear broods over Europe, ... unless we can alter the outlook and unless we can relieve those fears . . . . it is brought home to me every day that Europe is moving uneasily, slowly it might be, but certainly toward a new catastrophe."

This statement may be considered from three different standpoints: (1) possibilities of another war; (2) outlook for cataclysmic trade conditions; (3) political and financial developments of an overshadowing nature.

Giving first consideration to trade conditions which directly or indirectly affect the entire international situation, the following is submitted:

Lloyd George Says the Situation is Appalling

In his speech before the Welsh Liberal Association, at Swansea, May 29th, Lloyd George said: "England is in the fifth year of the greatest trade depression any one living has ever seen. Foreign trade went down 25%; 1,250,000 are unemployed; that is 150,000 more than a year ago. The balance of trade during one or two months of this year has vanished entirely. The prospect is full of anxiety. After consulting some of the great captains of industry and finance, I have come to the conclusion that unless the nation pulls itself together, as it did during the war, the outlook might very well be a catastrophic one. Great Britain, since the Armistice, has spent £300,000,000 in relieving distress. It would have been well if it had been spent on the provision of work for the people."

Commenting on this, the *Daily Mail* said editorially: "The above article is of especial importance, because in the opinion of leaders the present depression is most serious; it is not due to transient influences, but to permanent causes, and unless those causes are removed there can be no real hope of any recovery. If there is to be no recovery, then plainly half the population of England will have to emigrate or starve. Upon our export industries we depend to buy food and raw material. They are the very basis of our existence. If they decay the country will decay too. In the House of Commons yesterday, Mr. Lloyd George warned our Ministers that our export industries are in a perfectly desperate position. . . . The British engineering industry, which is of such vital importance to our very existence, is losing capacity to compete in the foreign markets. It is being undersold so grievously that unless there is a radical change it must be quickly driven from the field."

In an instalment of his series of articles in the London *Daily Mail*, Sir Percival Phillips said:

"Foreign competition is another deadly enemy. Continental firms are so bent upon recovering their pre-war British trade that they are making offers which to a Sheffield manufacturer seem little less than fantastic. Some of them have actually offered English consumers hitherto dealing with this market facilities for keeping large stocks of steel at their works, to be paid for only as used at the lowest price ruling at that time. No Sheffield firm could possibly offer similar concessions while industry is in its present state.

"The export trade has been further crippled by the prohibitively competitive freight rates enjoyed by foreign competitors. German steel goes to Spain at 17s. 6d. per 1,000 kilos, but it

Current excerpts from leading European newspapers. The press abroad is filled with such forebodings. One comparatively seldom sees similar comments on European conditions in American newspapers.

costs 7s. 6d. more to ship the same amount of Sheffield steel and at least 40s. more for tools. Customs duties on steel and other manufactured products entering France have increased from 90 to 300% over pre-war rates. America's tariffs are in many cases prohibitive."

Unions' Death-Grip on British Industry

On the Strand, in London, the writer saw a wagonload of bricks being carried from the wagon to a pile about thirty feet away, inside a new building. Six men were standing in a line and passing handfuls of bricks from one to another until they were finally deposited on the pile.

"What kind of operation can that be?" I inquired of an engineer friend. "Are they having a contest to see who can pass them quickest?"

"Oh, no," was his reply, "the Unions require the bricks to be handled that way. That is typical of the way our British Unions work out their plan of what they call ca'canny. It is based upon the idea that the less work each man does, the more employment there will be for those that remain. So, instead of endeavoring to give their employers the full day's work for the wage they receive, they are actually striving to see how little work they can do for their daily wage. Can you think of anything more ruinous to British industry? This policy has in the coal mining industry alone, thrown thousands of men out of work and resulted in the closing down of scores of collieries. By reason of it, British coal producers cannot possibly compete with the German."

England, Our Creditor, Increasing Her Budget

From the estimate of the British government actuaries, it appears that the new pension bill about to be adopted by the Government, will involve the country in a capital liability of 746 million pounds, which is much more than the whole national debt liability of England before the war.

How German Wages Compare with English and American

The *London Times* of May 26th contains a highly informative article as to hours and wages at Krupp's, the great Essen firm, which employs 50,000 men in normal times. This editorial points out that 90% of its workers are made up of skilled men. Operating on piece rates, ten hours a day, the average wage is for unskilled labor about 12 cents an hour up to 16 to 19 cents an hour for the skilled workers. There is a slight addition for those who have families, amounting to about 5 cents a day for the wife, and 2½ cents a day for each child.

These wages compare with an average hourly pay of 32 cents per hour (in our money) for the English worker; 50 cents per hour for U. S. Steel Corporation workers, and 63 cents per hour for employees of American railway companies.

An example of "higher" pay: A coppersmith, employed at Krupp's, a married man with three children, including the allowances for his family, receives 206 marks, 10 pfenning, or about $50 a month. After insurance contributions, rent, income tax, coal and other deductions, he has 154½ marks, or $37.08 on which five people are obliged to live and clothe themselves—a little over $7 per month each.

Americans should ponder the effect of these low wages. Germany is not only driving the English steel producer out of business, but German steels are now being delivered upon our own Atlantic Coast at $2-3 per ton lower than the selling prices of American manufacturers. Furthermore shipments of these foreign steels are being made to the Pacific Coast and there the Germans are again unselling us.

A wealthy restaurateur in Paris sidled up to an American and said in a low tone, "Can you give me the name of a very old, strong and reliable American banking institution where some funds and securities would be safe?" I knew he was impressed with the bankrupt condition of France and that he was merely expressing what millions of other French people were feeling by preparing to transfer a substantial part of his liquid assets to America where they would be safe.

At that time a franc was quoted at about 5.50 cents. Now it is 4.50 cents.

France has 100,000 men chasing Arabs over the desert in Morocco. She is financing Poland and other smaller European states. Politicians are quarreling as to whether or not her budget should be balanced, if possible. These facts are apparent to any one who reads American newspapers.

Flight from the Franc

Without going into any length about the financial position of the government of France, it might be interesting to observe the following straw which indicates how many French citizens are thinking:

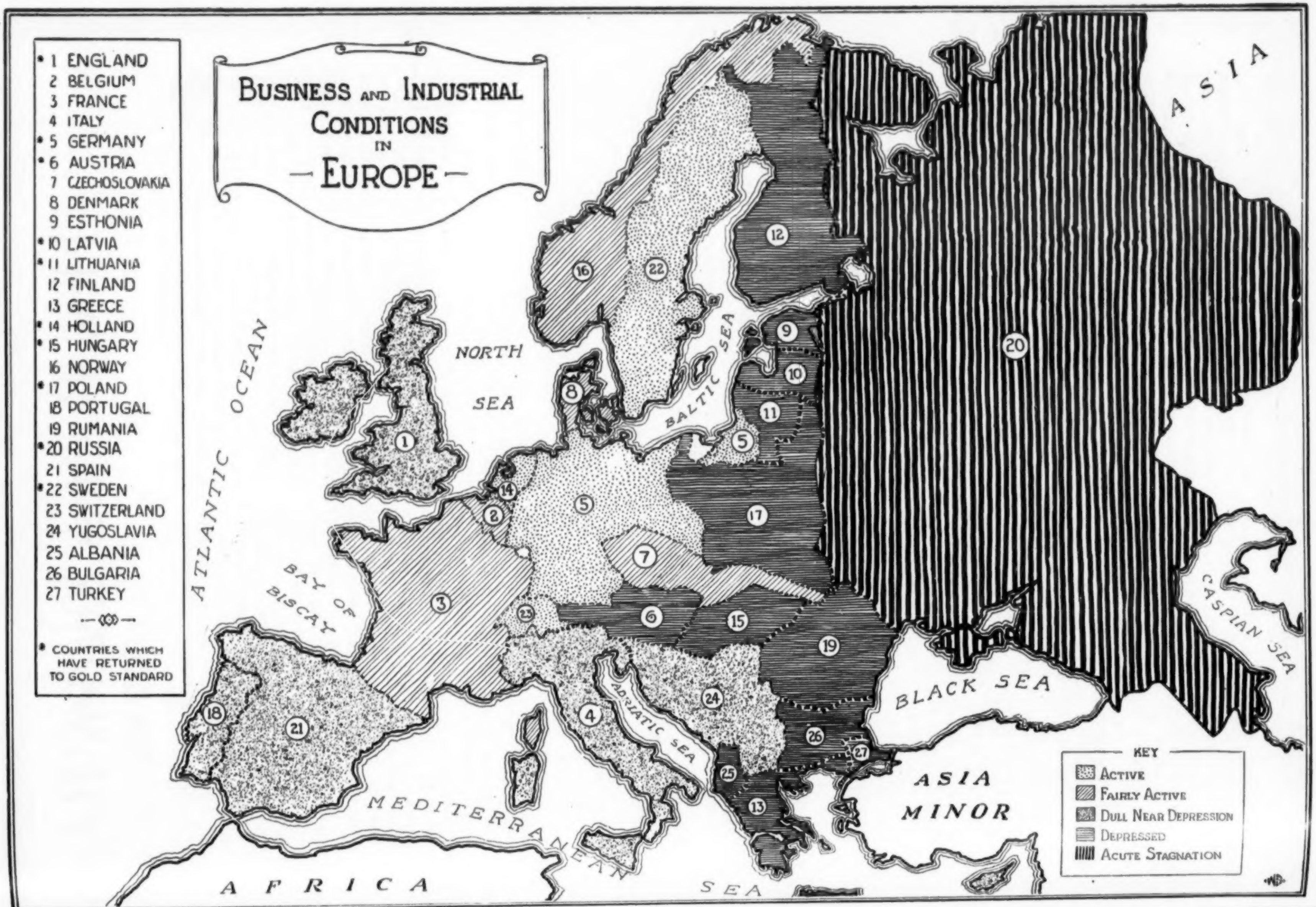
One of the first questions an American asks upon arriving on European shores is: "Will there be another war?"

The following information will doubtless aid our readers in forming their own conclusions about this matter:

Germany's Army Costing More Than in 1913

In the London *Daily Mail* of May 18th, we find extracts from an extreme-

(*Please turn to page* 446)


Business and Industrial Conditions in Europe
• 1 ENGLAND
2 BELGIUM
3 FRANCE
4 ITALY
• 5 GERMANY
• 6 AUSTRIA
7 CZECHOSLOVAKIA
8 DENMARK
9 ESTHONIA
• 10 LATVIA
• 11 LITHUANIA
12 FINLAND
13 GREECE
• 14 HOLLAND
• 15 HUNGARY
16 NORWAY
• 17 POLAND
18 PORTUGAL
19 RUMANIA
• 20 RUSSIA
21 SPAIN
• 22 SWEDEN
23 SWITZERLAND
24 YUGOSLAVIA
25 ALBANIA
26 BULGARIA
27 TURKEY
• COUNTRIES WHICH HAVE RETURNED TO GOLD STANDARD
ATLANTIC OCEAN
NORTH SEA
BALTIC SEA
BAY OF BISCAY
ADRIATIC SEA
MEDITERRANEAN SEA
BLACK SEA
CASPIAN SEA
ASIA MINOR
ASIA
AFRICA
KEY
Active
Fairly Active
Dull Near Depression
Depressed
Acute Stagnation

How Business Leaders Regard

An Unusual Symposium of First-

WITH the first half of the year ended, and the results recorded, it is now essential to gain an idea of the probabilities for the balance of the year. In order to secure authoritative opinion, we requested a number of leaders in American business to give us their views on the outlook for their respective industries. Each of these men occupies a leading position in his own industry and their remarks, accordingly, possess the hallmarks of authority and prestige.

STEEL—

By JOHN A. TOPPING
Chairman
Republic Iron & Steel Co.

From the standpoint of volume, business is fair and present indications suggest better demand, which should improve prices. During the past two months, liquidation has been under way, as a result of over-purchasing during December, January and February, followed by liquidation and price declines.

Liquidation now appears to be completed, stocks low and business sentiment much improved. It may be stated in this connection, that with but few exceptions, the Iron and Steel trades have never prospered without agricultural prosperity. At present, the outlook for the farmer is quite improved and his purchases of machinery and steel, promise to exceed by far, the record of the last three years, during which period, due to adverse agricultural conditions, they were compelled to economize; consequently, the farmers' wants have been accumulating and are somewhat mandatory, with their purchasing power enhanced.

Recent estimates of the Agricultural Department suggest that for machinery alone, during the next decade, the farmers' requirements will amount to from $8,000,000,000 to $10,000,000,000, and for the year 1925, about $1,000,000,000.

If, to this machinery requirement there is added the per capita normal wants of our 51,000,000 farmers for Iron and Steel products, their total requirements will by far exceed the total wants of the railroads of the United States for iron and steel, which for 1924 were, approximately, 8,000,000 tons.

As to the railroads, their wants for 1925, it is estimated, will be close to last year's total expenditures for improvements and equipment, which amounted to $874,743,000, the American Railway Association estimating railroad equipment and improvement requirements for the year 1925, at $750,000,000. The automotive demand is likewise normal and will call for about 9% of our total Steel production.

Building and construction trades during 1924, consumed about 18% of our total production of Iron and Steel, and as building contracts for the first four months of 1925, were about 7% in excess of 1924, present indications suggest increased requirements for the building trades for 1925.

In general, as measured by all trade indices, the volume of business is satisfactory, labor is well employed, the purchasing power of our people never greater, and there is therefore, every reason for optimism. In fact, I am confident the year 1925 will show a substantial increase over 1924 in the production of Iron and Steel, if, of course, the crops are satisfactory.

METALS—

By J. H. LANG
Asst. Treas.,
American Metal Co.

The history of copper, lead, spelter and tin since the Armistice is one of readjustment from unprecedented conditions, occasioned by the war. Probably no other commodities suffered greater dislocation both as regards price and production. Since the war all these metals with the possible exception of copper have reflected higher production costs, and the general upward tendency of prices.

Copper alone is selling at less than its prewar value. The reason for this unique distinction is not far to seek. It is due to the large output of new low cost producers which has more than kept pace with demand, despite enormously increased consumption. Volumes might be written on the subject—have been, in fact—without clarifying the situation further. Statistically the metal is sound and demand for it will inevitably increase, but so far as the immediate future is concerned there is no change in prospect.

Lead presents a striking contrast to copper. Whereas production of copper has increased by leaps and bounds, the 1924 production of lead was but little more than in 1914, while consumption has steadily increased. As a result, the price has approximately doubled. There have been practically no new and important discoveries of lead for a generation or more, while the demand for it, especially by the electrical and automobile industries, has been such as to force the use of substitutes for less essential requirements. Until this situation changes it is vain to look for any extensive or permanent decline in the price of lead.

the Outlook for Their Industries

Hand Business Impressions

Zinc or spelter, occupies a middle ground between copper and lead, not only as to price but also as respects production and consumption, both of which have increased moderately. The advance in price has hardly been commensurate with increased cost of production, and is less than the advance in commodity prices in general. Experts in the trade consider that the situation now confronting lead will later obtain in zinc. Consumption is increasing faster than production. While the balance does not promise to be immediately disturbed, a higher price range is predicted as ultimately necessary to bring out increased production from low grade and complex ores now too expensive to work.

Tin is and always has been in a class by itself. This is due to the equilibrium between supply and demand which has obtained for so long (barring few and short exceptions) that "the memory of man runneth not to the contrary." This close balance between production and consumption makes tin a favorite medium of speculation abroad. The erratic price fluctuations for which it is noted are not however due so much to this cause as to small production and stocks which make the article peculiarly susceptible to control and manipulation. While it is one of the least of the nonferrous metals it enjoys a broad, free and open market. Transactions in it are often on a large scale. Prospects are that tin will continue to sell at prices highly remunerative to those engaged in producing it.

RAILROADS—

By CARL R. GRAY
President,
Union Pacific System

Business conditions in the West are grounded upon agriculture. West of the Rocky Mountains there was in the winter and spring of 1923-24 an almost unprecedented shortage in precipitation. In addition there were several severe late frosts. The cumulative effect was a half crop of fruits, vegetables, including sugar beets, and grain, in Idaho, Utah, Oregon and Washington. This is the explanation of the hand to mouth buying which has been so apparent for the past eight or ten months. It reflects a conservatism easily understandable and really creditable under such circumstances; and as a result there is a better tone fundamentally than we have had for several years in the West.

The banking situation is much improved; credits for meritorious projects are readily available. There is greater diversification in agriculture, and greater care is being used in the preparation of products for the market. Dairy and poultry operations have been extended.

Last winter there was much more than the normal amount of precipitation; all water storages are full, with heavy runoff. There have been no late killing frosts. Considerable fall wheat was winterkilled, but generally it has been reseeded to spring wheat or other crops, with fair prospects. At this writing there is every indication of nearly normal movement of farm products and a satisfactory fall business.

PACKING—

By F. EDSON WHITE
President,
Armour & Co.

The first few months of 1925 were undoubtedly the low period in business activity for this year, but with the harvesting of the first of the wheat crop and the converting of the first hundred million bushels from the Kansas acreage into cash at the rate of more than a dollar a bushel, general industry should begin to hum. It is still too early to predict corn prospects, but much of the acreage in cotton which was doubtful in April and May appears to be progressing favorably, indicating that the south will share with the west in increased purchasing power.

Last year's agricultural proceeds largely went into a hole; that is to say, into the satisfaction of previous debts. Many of the agricultural prophets have insisted that last year's crop volume was not sufficient materially to aid the indebted farmers, or that the crop was out of first hands before prices rose. The correctness of these assertions is disproven by the great volume of agricultural paper redeemed from the hands of the banks. On the other hand, last year's crop income permitted of the establishment of no new enterprises, and if crops are good this coming season it will allow the farmer for the first time since 1919 to undertake the small expansions, or the purchases of improved facilities, which he has denied himself for the last five years. The reflection of this on general business is obvious. Furthermore, it is time that business echoes the activity which existed on the stock market in early winter, a repetition which normally lags six or seven months behind the market developments.

The difficult season in the packing industry

has passed. We have just completed the slaughtering and marketing of 13 percent more beef cattle than we were called on to market during the preceding year. The hog receipts which were freely predicted to vanish with the opening of the year have failed to disappear true to expectation, and so far this packing season (November 1st forward), receipts are only some 6 percent under the totals for last year at the principal markets. Nevertheless, all packers are carrying sizable inventories and if the shortage does materialize, reasonable profits should accrue throughout the industry.

While prospects for a real boom have not developed, there is no reason to doubt that the poorest months of 1925 have been traveled through, and that business for the rest of the year should be steady and gradually increasing in strength.

AUTOMOBILES—

By ALVAN MACAULEY
President,
Packard Motor Car Co.

The automobile industry in the last few months has enjoyed a period of unusual prosperity. Indications point to an increase in sales and production for several of the motor car makers and at least a continuation of good business for the industry in general.

It is to be expected that there will be a considerable falling off in demand for cars during the latter part of the summer and in the fall but a number of companies have banked up orders that should keep them running at top capacity well into the fall.

Our own company right now has more advance orders on hand than we ever have had in the history of the company. Even though our working force has been increased 20 per cent and although many departments are working double shifts and production has been increased greatly, it will be well into September before we can anywhere near catch up with orders.

This may not be typical of the whole industry but production figures indicate more motor cars are being built right now than ever before and the supply is being fully absorbed. It is indicated at the same time that a very careful effort is being made to guard against any period of over production.

The country is enjoying no boom prosperity but there is little doubt of the healthy condition of general business in practically every section. Indications would seem to point to a continuation of this position for general business, a favorable prospect for the automobile industry.

With the future appearing most favorable in this country there also is a constantly growing demand for American made motor cars outside of the United States. The demand in Europe might be taken as an indication that there is a growing improvement in general business there and that the automobile industry will find the export market growing very rapidly within a short time.

By A. R. ERSKINE,
President,
Studebaker Corporation

Conditions in the automobile industry have been extraordinarily good the first half of the year. Production in April and May exceeded the rate of 5,000,000 cars per annum. Production in 1923, the previous record year, was 4,086,997 cars. These figures tell the story. When the 1925 census is taken, results will doubtless show that the automobile industry was the first American industry in volume of business transacted.

Export markets are constantly broadening and absorbing more cars per capita. This means that our excess production capacity will find a big outlet in foreign markets.

By A. J. BROSSEAU
President,
Mack Trucks, Inc.

Motor truck production during the first quarter of this year exceeded any similar period in its history. Indications for the second quarter are that production probably exceeded the first quarter.

The reason for the present situation is that the public realizes more than ever before the advantages of highway transport. The use of the truck is becoming more general among all classes—railroads, industrial concerns, and the farmer. Bus production is increasing rapidly, because, in addition to the constantly increasing number of independent operators, the traction companies are adopting it supplementary to trolley service.

The motor truck and the bus industry will continue to grow just as long as they render the public satisfactory and economical transportation.

I am one of those who believe the industry is still in its infancy.

PETROLEUM—

By FRANK PHILLIPS
President,
Phillips Petroleum Co.

After four years of depression the oil industry gives promise of a return to normal prosperity.

During that period it has been burdened with an over supply and accumulating stocks which have kept prices close to and at times below cost. Here and there, a well managed and fortunate company has made money; but aggregate earnings of the industry have not been

commensurate with the immense capital invested and the hazards of the business. The motorists have been the beneficaries.

The economic situation is changing. The production of light crude oil from which gasoline is produced has declined about 15% from its peak reached in the Fall of 1923 and during the same period gasoline consumption has increased nearly 50%.

Recently discovered pools are producing heavy oils and the average gasoline content of current production is smaller.

Continued increase in the number of motor cars, trucks and buses; greater mileage due to the change from touring to closed cars, and the rapid extension of paved highways have combined with good weather to increase gasoline consumption during the first four months of this year nearly 28% over the same period in 1924. On May 1st, stocks of gasoline on hand were less and in relation to the increased consumption were only 75% as large as on the same date last year.

Unless new pools of gasoline-producing oils are developed, competition among refiners for the smaller supply is likely to bring about increased cost of the raw material and higher prices for gasoline would be a natural result.

By PAUL SHOUP,
President,
Pacific Oil Co.

In California new wells will probably maintain the present daily production of around 600,000 barrels during the next six months. Explorations having some promise of success are not in town lot districts. Drilling in any of them that becomes productive is apt to be of normal nature.

We expect a market demand west of the Panama Canal and largely tributary to California for gasoline and lubricating oils somewhat in excess of that during any previous corresponding period of six months.

At present fuel oil market shows some signs of weakness, but this should not be accepted as a determination of the trend of the market during the next twelve months.

On the whole the prospects of the California oil companies are materially better for the last six months of 1925 than they were in 1924.

There is a great deal of exploration work under way and we of course face always the possibility of an unexpectedly large increase in production. This, while admittedly helping the companies controlling, would at this time adversely affect the situation of the industry as a whole.

AGRICULTURE

By FRANK L. CAREY
President
Chicago Board of Trade

The American farmer seems to be swinging into a period of prosperity. At least his condition is steadily improving. And the general outlook is far better than at any time since the war.

Greatest improvement has been noted in the financial condition of the grain grower. Last year's high prices removed heavy obligations and made possible purchases of farm equipment and other accoutrement incident to farm expansion.

Wheat prices are still high and indications are that they will remain high for a considerable time to come.

Prospects point to a good crop in the Northwest. But our small winter crop would tend to tighten the world position which has been one of small surplus. Such a situation would warrant good prices for grain. Since bins were rather cleanly swept and there is not the slightest indication of over-production, it is quite likely that a period of years will elapse before any substantial surplus will be visible to bring about a general and continued depression of price.

In view of this situation there is reason to believe that the grain farmer as well as the grain trade generally will experience a period of good times, unless the clamor which usually follows price adjustments should bring about enforced legislation. Laws of an uneconomic character, intended to regulate the functioning of the market, might easily destroy the opportunity of the grain grower as well as the grain merchant.

Comparing the present situation of the grain grower with his position of a year ago, it will be noted that wheat is nearly 50 cents higher, corn is about 25 cents higher, and oats 10 cents higher. In view of the fact that wheat and oats will fall short of the crops harvested last year, the price situation is promising.

Yield of winter wheat was estimated at 407,000,000 bushels, or 183,000,000 bushels under a year ago. Spring wheat was estimated at 245,000,000 bushels against 283,000,000 last year, making a good price outlook. It is reported that where winter wheat was killed the ground was used for other purposes, largely eliminating a cash loss.

An oats crop of 1,295,000,000 bushels is estimated, which is 247,000,000 bushels under last year. These figures add weight to the prediction that grain prices will remain high.

The grain market has gone through a very trying period. Whenever unusual conditions arise, conditions that bring about extreme price advances or declines, politicians raise an outcry against the marketing machinery. Others, who for some reason or another are disgruntled, or who see an opportunity to exploit a situation, add their criticism. A great deal of such criticism has been heard since the upward

(*Please turn to page* 438)

Will Inheritance Taxes Bankrupt Your Estate?

The Menace of Our Death Taxes—What To Do About It?

By SENATOR ROBERT L. OWEN

As Interviewed by Theodore M. Knappen

Sen Robt. L. Owen

Robert L. Owen who has just retired voluntarily from a long and constructive career in the U. S. Senate, after having represented Oklahoma in the Senate for eighteen years, is well known to the American financial and business world, as well as internationally, as the originator in association with Senator Carter Glass of the Federal Reserve Banking System. He is one of the profoundest students of fiscal problems Congress has ever had.

"FOR many years I believed a large inheritance tax desirable," said Senator Owen, when the writer asked him to state his views on the growing menace of death taxes, "thinking it a wise policy to redistribute great fortunes, but more recent observation has disclosed to me that where these fortunes do not distribute themselves they become, in the hands of trustees, great beneficences; performing special functions of the highest general good, like the Rockefeller Institute in prolonging human life, and the Carnegie Libraries in distributing useful books and information to the people.

"The former's Hookworm Commission alone, with an investment of only a million dollars, has been of more service to humanity than all the rest of the great fortunes in America combined. Millions of people throughout the world have been restored to health and to productive activity through the spread of the knowledge of the control of the hookworm, covering all the tropical areas around the entire world.

"Henry Ford's fortune during its creation has been worth billions of dollars to the productive and distributing power of the American people. W. B. Thompson's fortune, devoted to research in plant life, and many other instances that might be named, are demonstrating the competition of rich men in America in using the power of their acquisitions for beneficent purposes.

"The distribution of these same funds, if they were taken as taxes by our federal powers, would not be as efficient as they are under the special organizations of experts whose reputations are at stake in demonstrating their usefulness to the race.

"Most serious difficulties arise when the government imposes a huge cash tax on an estate which is composed of vested properties not easily liquidated. Here the effort to pay the tax in cash may bankrupt the estate itself.

"If the various governments persist in high inheritance taxes they at least should be content with payment in kind.

"But after all there is a broader policy that should be considered. Bolshevism is merely an extreme form of confiscation that may be unwittingly or deliberately initiated by depletive taxation. Bolshevism aims to make everybody equal in property; and it has proved to be a monumental failure, resulting in starvation instead of improvement of the position of the weaker people. It is a better policy to give the reward of property to people, and thus stimulate industry, initiative and thrift. These are the qualities that feed and clothe the whole race, because they produce food and materials in the largest possible quantities, and distribution naturally follows.

"The weak spot in socialism is that it fails to recognize sufficiently the vital force and value of rewarding labor with property.

"Our inheritance taxes hold the menace of confiscation, whatever the intent, because they may be applied under existing law not only by the Federal Government, but by all of the states in which the decedent might even indirectly have a portion of his estate. From which the theory is set up that the entire estate is chargeable by more than one state in the case of intangible property. Such property would be taxed: (1) by the Federal Government; (2) by the state in which the corporation sponsoring the intangibles had property; (3) by the Home State of the corporation; (4) by the state in which the securities might be deposited at the time of the death of the owner; (5) by the state in which the decedent was domiciled; and (6) possibly, by the state in which the corporation's transfer office was located.

"Professor Belknap, of the University of Louisville, showed the National Tax Association last year how an American's estate might be taxed over 300%. A ten million dollar estate of an American citizen dying when a resident in the Philippines might, he explained, be subject to 40% United States inheritance tax, and 64% local. If the same estate were in the securities of a corporation having property in Wisconsin, that state would raise the exaction to 144%; if in West Virginia it would increase to 179%; and if these securities were deposited in a safe deposit box in Seattle, the state of Washington would demand 50% of the estate, in addition. If the transfer office of the corporation issuing the securities happened by bad luck to be in Denver, Colorado, it would elevate the total levy to 235. If the corporation charter was taken out in Idaho that state would pile on 15%. If then the courts of both Oregon and Illinois should rule that the dead man was domiciled in both their states the former would take 20 and the latter 35%, if they could, bringing the grand possible total of the death tax up to 304%.

"It is obvious that such a system of taxation is not only unfair and destructive, but is unjust and contrary to sound public policy.

"In the last five years, 35 states have increased their inheritance rates and added to the multiple taxation; and only one, California, has in that period reduced its death tax rate. Forty-six states now demand a share of decedent estates.

"On the other hand, Florida has by a constitutional act decreed that there shall be no inheritance tax of residents in Florida, and Florida is going through a gigantic boom because of residence being established in that state by multi-millionaires.

"The death tax increased, state and federal, from 10 million dollars in 1910, to 221 millions in 1921. Death rates vary from 2% in Pennsylvania to 14% in Illinois on direct heirs; and from 5% in Maryland to 64% in the Philippines on collateral heirs.

"It has reached a point where it is of vital importance to men of large—

or even small—properties to have attorneys, expert in all the ramifications of the multiple inheritance imposts, federal as well as in 46 states plus the territories and possessions, in order to protect their heirs and to prevent their wills from leading to ruinous results to their devisees.

"For example, the late Charles H. Morse, of Chicago, left an estate of $20,000,000. He was especially concerned to guard the future of his daughter, so he gave her the bulk of it. To one of his sons he gave $3,000,000 and to the other $2,000,000, but unthinkingly stipulated that they should pay all the inheritance taxes, which turned out to be $6,500,000.

"I am informed that there are instances of estates that have been saved from virtual dissipation only by the care of lawyers in seeing that they were reorganized before the decedent's death to meet the multiplicity of state laws."

Illustrative of Senator Owen's apprehensions of "ruinous results to devisees" is the case of a New York man who left an estate of $10,000,000 to his daughter. The various governments grabbed $3,000,000 of it very promptly, notwithstanding that the property was tied up in a trust, which kept the daughter from coming into her portion for an indefinite period. Now the tax gatherers are trying to get $250,000 of succession taxes from her. She happens to have $125,000 in her own right, but she will have to go $125,000 into debt and borrow, to live, for many years unless some lawyer can find a way out for her.

Another New York woman inherited from her brother a $50,000 property in excellent securities, all being listed on the New York Stock Exchange. The decedent had, as he thought, insured prompt liquidation of his estate by keeping it in good listed securities. The estate was subject to some debts, and a gift of $5,000. The sister needed to sell the securities to meet those obligations. She found that she must first secure from fifteen states no less than eighteen waivers. The authorities of one of these states informed her that when she knew what she was to pay all the other states they could tell her what her fees there would be; but the other fourteen states insisted on first being "shown" by the fifteenth.

This should be a salutary warning to all persons whose fortunes are in stocks and bonds to act promptly to ascertain what kind of a muddle as well as tax extortion may be caused by the chance of geographical location of corporations, of the securities themselves, of the properties of the corporations, of transfer offices, as well as of their personal whereabouts, residence and domicile at the time of death. A few discreet conversions of investments according to the incidence of state laws upon them may make all the difference in the world.

"It will be far better," continued Senator Owen, after discussing further the chaos resulting from multiple state taxation of estates, "to do away with such state taxes and have the United States enter into an agreement with the various States of the Union by which the United States Government should collect a moderate inheritance tax, payable in kind, and distribute it half and half with the State of which the decedent is a political resident, and thus simplify the whole matter, as well as establish a rule that will not result in confiscation of property.

"After the 'confusion worse confounded' is removed everybody should be on guard against heavy death taxes. The state should never take more in any form of taxation than is absolutely necessary to the maintenance of the indispensable functions of government. These are widening, it is true, with the increasing complexity of modern social and economic life; but not a cent should be taken for the purpose of getting it out of private ownership. The best place for property, from the standpoint of the general good, is in the hands of the men who made it. Our great American fortunes are overwhelmingly made fortunes. They do not represent the mere transfer of existing wealth from one person to another; they do not typically signify despoliation of some for the aggrandizement of others.

"I am not afraid of great fortunes. They are, potentially, mighty instruments of general beneficence in these days.

"I despise ostentation and extravagance, but even the rich fool cannot waste a great deal of wealth nowadays. He may part with his wealth like a fool, but it is there and will get into competent hands. An evil rich man may use enormous wealth to debase himself and others, and even to impose upon the rights of others. Happily such men are fewer and fewer, and more and more do wise regulatory laws restrain them. The motive of public service increasingly animates our men of great wealth.

"Men make fortunes as a way of expressing their talents. They value more the great deeds and the sense of beneficent power that goes with wealth than wealth itself. So much am I convinced of this, that I do not fear that heavy death taxes will deter wealth-makers from keeping on producing wealth. Such taxes will merely divert some of their wealth to inferior or useless applications. My personal opinion is that men make money for life and themselves, rather than for death and heirs. The fundamental reason for keeping death taxes low is that they tend to destroy and futilely dissipate productive wealth.

"Finally, let me leave this thought with you: It is of huge importance that the United States should be known throughout the world as the guardian of property rights."

SPEAKING OF INHERITANCE TAXES

—Do you know that if your estate is in securities of a corporation having property in Wisconsin it may have to pay 50 per cent to that state; or if in West Virginia, 75 per cent—and still pay federal inheritance taxes, those of your own state and perhaps several others?

—Do you know that an estate of intangibles may be so invested—in the best securities in the world—that it may be confiscated three times over through a multiplicity of state, territorial and federal death taxes?

—Do you know that it makes an enormous difference—even with small estates—whether your documents are kept in one state or another?

—Do you know that if you are domiciled in Florida your estate will go scot free of local inheritance taxes, or that it may pay 64 per cent in the Philippines?

—Do you know that the mere location of the transfer offices of the corporation in which you hold stock may mean thousands of dollars more or less to your widow and children?

—Do you know anything about the 46 state laws that may singly or collectively gouge your estate?

THEN READ—AND ACT!

Human Nature in the Stock Market

A Cross-Section of the American Investing Public— The Mistakes They Make and How to Avoid Them

By JOHN COLEMAN, Jr.

HERE is an intimate view of the great American investing public and its habits, the mistakes it makes and why it makes them. If you are among those pictured by the author, you should find this story more than ordinarily helpful. If you are not—why even so, there is much in what the author says which will hold your undivided interest.

THE public has unquestionably been getting into the market since Coolidge's election. It is the same public that is lured to the ticker by periodic activity of the market, the excitement of rising prices, by tales of well-turned fortunes or by an inherent desire to make a little something "on the wing." The public that "does" stocks on the side is a careful sort of public about its money, priding itself on its economics. It will haggle for an unconscionable time over the terms and tenure of a first mortgage bond; it speaks often of the evils of speculation and prefers the reputation of an investor.

Yet, among them will be found the usual quota of those who still insist upon buying more than they can pay for of something they know very little about; who stake a play on the exchange which stands to show a profit or a loss the equivalent of all or at least a large part of a twelve months' earning power in one's own business; entertaining high hopes of winning in a field which calls for all the niceness of a science and a more exacting study of conditions than one's own profession or trade would normally require. For these, traffic in stocks is really not a side issue at all but actually attended by stakes as high and ramifications as numerous as those presented by a personally conducted enterprise.

These Casuals of the Tape form the backlog of booming stock markets. The professional trader, powerful as is his influence upon the trend of values, has made the market his lifework; the operator who swings thousands of shares at a time has seen to it that every forseeable factor is in his favor before he starts. The capitalist has the knowledge of intimate developments and the power afforded by ample resources on his side; the investor with courage to buy stocks when they appear cheap and to hold them until they look high has fortified his reckoning with analysis and study; the seasoned speculator will take infinite trouble in finding out before he applies his judgment to the future of values.

But the "public" is not of this kingdom. It possesses, generally speaking, no exclusive information on corporate affairs; it commands no substantial capital; it has made no exhaustive research as to prevailing conditions; it takes but small pains to find out; it is short on patience and courage.

Lambs Getting Fewer?

It can, however, be set down with some conviction that the percentage of people who are ready to send good money after bad is getting smaller. Certainly there are evidences on every hand that some part of the so-called public has been making money. More people are seeking more information and becoming more conversant with factors affecting security values. A larger part of the public no longer takes things for granted. The little circle of market followers which believes nothing it hears and only half what it sees has gradually broadened. Financial services have greatly increased the number of their subscribers; additions are being made in the field of financial publications and the daily press has been forced to concede increasingly more space to stocks, bonds and finance. Investment and brokerage houses of the more permanent and constructive sort are equipped with extensive facilities for aiding in market judgment and for determining the status of corporations; in acquiring and disseminating facts in respect to earnings, assets and management, and helping people to distinguish between tangible values and high grade hopes, blasting baseless rumors and putting hokum in its true perspective.

The customers' room, however, is one of our oldest institutions and habits formed there are difficult to break. There is for instance the Casual Client. He wants to open up a small account with $10,000 first mortgage bonds as collateral. He has been doing a little business over at LaSalle & Co. for no other reason than that it is convenient to his office. He really knows nothing about the firm and thinks he would feel better about a stronger house. A friend of his lost $5,000 when Smitem & Co. closed their doors last year. He would hate to have anything like that happen to him. He jauntily professes to know very little of the brokerage business and practically nothing about the firm he has decided to deal with but guesses it must be all right.

All brokers, he thinks, are pretty much the same: good talkers, free spenders and full of hot tips. For all he knows, the firm could fold up at the close of business with his $10,000 among its liabilities. He is reminded that it is essential for him to establish the financial responsibility of the firm he deals with and to satisfy himself as to its reputation for integrity and business conduct; that the brokerage business is done on the nod of a head; that a breach of contract is the unpardonable sin; that honesty and good-will are the broker's chief assets; that he is going to have enough to contend with in keeping up with the commitment he is making; if his capital isn't safe he is licked before he starts. The Casual Client says he agrees about that and it's funny it hadn't occurred to him before. Would the broker buy him 100 Stellar Steel and how much margin would he like?

"We require 25 points on a stock like that, but this margin business is only an accommodation and we like to see the customer always well protected."

The Casual Client wants to know what the broker meant by referring to his selection as a stock "like that;" his information comes from headquarters and his partner even bought a little

for his wife. He sees the point about the margin but this stock is not to be put away; he just wants to make a few points and get out; he never knew a broker to discourage a trade before.

"Stellar Steel made big profits during the war, turning out caissons for the artillery and the current demand for that sort of merchandise is, as you know, not so brisk. Before that it couldn't earn adequate depreciation charges; ever since, it has been operating in red ink. A war bride about to sue for desertion. Shall we look up the figures?"

He says he is told they are going to put it up.

"Quite possible; and if they don't you will be left with a handsomely engraved certificate representing ownership in a company which is bonded up to the last ingot; with quick assets of $5,000,000 of which $4,000,000 is in inventories; and current liabilities of $3,500,000. There is a further dubious item of good-will carried at $1,000,000; plant and equipment valuation has been appreciated with alarming regularity and the profit and loss surplus is but a shadow of its former self. The company's 8% bonds are selling around 85 and that's what the world at large thinks of its securities. There will probably be another war in due course, in which event we will remember Stellar Steel."

The Casual Client wants to know what he can buy, then, that is going up.

"There are any number of issues which, if general business holds fairly good, are in a favorable position; have fine records both in good times and bad; operate in an essential industry; owe no money and have kept earnings in the property. We can tell you stocks which qualify under these heads. We can tell you fairly accurately what the present condition of trade and industry is. We can tell you where stock prices stand today in comparison with their position in any previous time. If we could tell you which ones are going up and when and how much we wouldn't be talking to you. We would be in comfortable retirement, living on the interest from our Panama 2s."

The Casual Client said he thought this was a funny kind of broker but he guessed he would start looking into things a bit.

"You wouldn't spend $10,000 in your own business without knowing pretty well what it was all about; we want you to use the same care when you buy stocks."

The Cynic, also, is a necessary supplement wherever securities are traded in. There is at least one in every office. The Cynical Client lost quite a bit back in 1919 by buying at the top and has never gotten over it; he has, as a result, joined the anvil chorus that says you can't beat the game. (It's a game when you lose; it's a science when you win.) He maintains that the fellow is a sucker who trusts his money anywhere except to the savings bank; he talks about trading on the New York Stock Exchange when he hasn't any reasonable conception of what the stock exchange really is; in spite of a lot of loose talk he really knows nothing about the character of the institution that furnishes the facilities for transactions in securities.

The New York Stock Exchange, the broker suggested to him after one of his disillusioned interludes, has come to be every man's business. On the floor of the exchange the wealth and activities of the world are represented. No other market is so free, none so responsive. None other maintains such equitable opportunity for converting securities into cash or trading cash for securities. Hardly an industry but has its enterprise quoted on the board. The days are past when stock exchange business was confined to trading in "Harlem" and "Erie" and "Gas"; today, the stocks of almost one thousand different corporations are included in its listings.

It is the market place for principal and interest as represented in stock and bonds. It reflects the inevitable and unalterable processes of supply and demand and gauges with amazing promptness the state of prosperity or depression, of national and international industry and trade. Without the free and open market afforded by the exchange the public would be the victims of transactions more nefarious than would be dreamed of in the reformers' philosophy; of all the agencies of financial and commercial intercourse the exchange is probably the most necessary.

Manipulation and "pools," trumped-up "tips" and baseless rumors can exaggerate the movement of prices and lend a fleeting impetus to trends; but securities move up or down in their broader cycles as business is affected, or likely to be affected, by domestic or world conditions or events. It is the people's inalienable right and one of their especial predilections to buy or sell against the future, whether traffic be through the medium of securities or commodities.

The Customer's Room Is One of Our Oldest Institutions

By nature optimistic, they approach the investment and speculative markets more often than not from the buying side and upon immediate or subsequent declines often fancy themselves the victims of the "interests."

No one has ever pretended that the exchange is immune to error; impending corners may escape its vigilance; its discipline may at times seem lax; its methods occasionally misunderstood; but it aims at an honorable administration of the security markets and, as evidenced by its relentless prosecution of swindlers and bucket-shops, puts forth its best efforts to keep people from being cheated.

The Casual Client and the Cynical Customer illustrate the attitude of the public toward speculation. The broker and the stock exchange are the two basic agents in the process. There are those who know nothing whatever about the credit of their brokers and those who speak of having been fleeced by the "interests" who have never made an intelligent inquiry into the organization that furnishes and supervises the market through which they trade. Unwilling to go to this trouble, it is not difficult to appreciate their falling into predicaments when they elect to buy securities on hearsay and hope.

"There will always be investors who are only too ready to buy a gold brick for what they thought was a gilt-edge security—"

Buying for the Yield

In fiscal confidence with the brokerage-house public, countless other vagaries of human nature are disclosed. There is the investor—or speculator—who insists upon buying for the yield. In a market dominated by the price of money to such an extent that the yield from standard investment stocks is hardly more than 6 per cent—frequently less—and from speculative issues hardly more than this figure, there is always at hand the investor who has a fondness for picking out shares whose yield on the selling price of the stock is as large as 10% or more.

No disparagement is meant of the principle of distressed buying. No better way of making profits has ever been devised than that of purchasing stocks when they are cheap; but there is such a thing as buying when they are too cheap, and to take on a stock solely for its yield is a dangerous policy. For the market does not long under-estimate, and obvious bargains are soon snapped up. There is generally a reason for exaggerated return and the answer can be found in impending curtailment or elimination of dividends or in circumstances which necessitate the husbanding of assets. Overwork the dollar and it is liable to go back on one entirely.

Passion for Low-Priced Stocks

Of a piece with the practice of buying for a big yield is the public's fondness for shares which "kick around" at $1 or $2 per share. The average speculator's premise in this regard is that he cannot lose much, might make a great deal and he can buy so many more shares of such low-priced issues. But the very circumstances which have brought the shares to the vanishing point in the matter of price will more often than not militate against their ever getting back to a profitable basis. Unliquidated inventories, credits that have become too extended, obsolescence of product, bad management, lack of borrowing power, can generally be seen in one case or another to have laid so great a burden on the corporation that assessment or liquidation is inevitable.

If the former resort to solvency (assessment) be followed, "dollar stocks" are cheap only insofar as their selling price plus the levy, plus carrying charges, would seem to render them cheap. If the latter (liquidation), the prevailing market price will have pretty well established the stockholders' residual equity. The quotation records will show that stocks that have fallen so low from a once high estate do not quickly emerge from their slough. In most instances they will be selling at the price the speculator paid for them after his sons have finished their college course!

Let us not omit mention of the customer who is looking for a business man's investment. Just what a business man's investment is will probably never be known. It implies at once that while it is an investment for a business man he is supposed to give it his attention, watch it carefully, take hourly readings of its pulse, and then, if he has any time left, go back to his own affairs. The difference between a business man's investment and an investment seems to be that if the former goes down the business man can sell it a little sooner than could the person who isn't a business man. If the investment is not strong enough as to credit, principal or interest, it seems incongruous that it should be delegated to the business man who, as busy as he is, has infinitely less time to devote to it than any other kind of a man. The mere fact that a business man is supposed to watch it does not in any way compensate for the acknowledged weakness of the issue.

Split-up Shares

During the past few years, it has been the practice of a large number of important corporations to increase their per share capitalization through the medium of substantial stock dividends or by a reduction in the par value of the stock. Thus, instead of only one share of a company's capital stock, the holder found himself with two, or five, or ten, as the case may be. For the original holder, these split-ups made little difference other than to reward him through the appreciation which usually attended the anticipation of the melon, and in some cases made his return larger because the dividend on the new stock may have been in relatively greater amount than on the old. But his equity remained the same.

It is further to be noted that the per share earnings on the increased stock will necessarily be less than on the smaller issue previously outstanding—in other words profits must be spread over a much greater number of certificates. The practice has been frequently resorted to in order to capitalize large surpluses against the possibility of unfavorable taxation; to make shares of

(*Please turn to page 463*)

How An Investment Syndicate Operates

Behind the Scenes with the Underwriters—Selling and Underwriting Syndicates—The "Sharpshooter"

By KEITH DE FOREST

BETWEEN the time a security is issued by a corporation to the time it is lodged in the hands of an investor many things happen. To the average individual, however, that aspect of financialdom is a closed book. It is a "behind the scenes" side of Wall Street to which the general public is never invited. Not because there is any hocus pocus or mystery about what goes on behind the scenes, but because the banker considers it no more necessary to take the public into the details of his business methods than the manufacturer feels it necessary to go into the details of how he manufactures his product.

In a sense, the banker is a manufacturer, but his output is securities instead of merchandise. Or, to put it another way, he produces symbols—stocks and bonds—which stand for merchandise, real estate, and assets of every description. A good banker, like a good merchant, works for a large and frequent turnover with a fair margin of profit. In order to sell "right" he must buy "right," and the purchasing end of the banking business, therefore, is no less important than the selling or distributing end. His greatest ambition and the sign-manual of success is to be able to inscribe the following line at the top of a new offering:

"All of this issue having been sold this advertisement appears only as a matter of record.

As a matter of fact, the advertisement doesn't have to appear as a matter of record at all. But who would begrudge a worthy banker the thrill which is his when he surveys his advertisement bearing that magic line or who would deny him the excusable desire to announce to the world that his firm has "put one over with a bang."

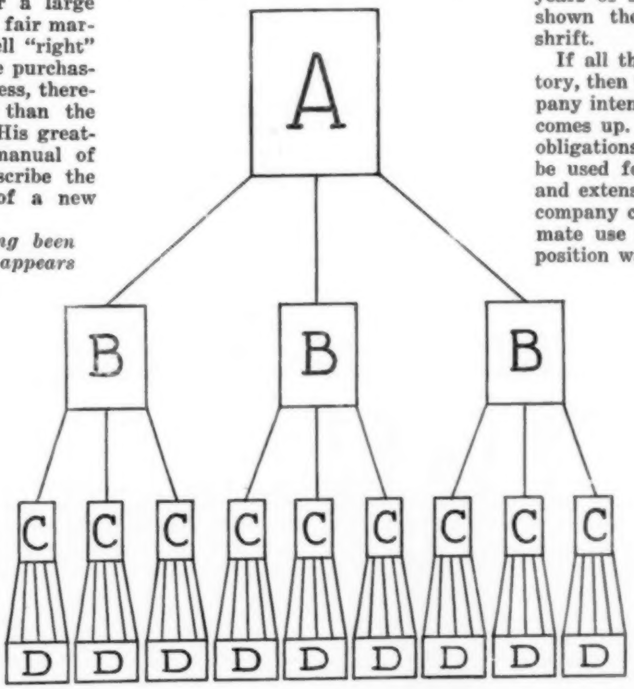
Two Types of Syndicates

Of syndicates there are two general types—the wholesale and the retail syndicate. Formerly, it was the ambition of every banking firm to graduate into the select circle of wholesale syndicators. But many of the largest houses now perceive the advantages of being a retailer as well as a wholesaler, and there are many important firms in both classes. At the present time, there are only three large banking houses in the strictly wholesale class. They are J. P. Morgan & Co., Kuhn, Loeb & Co. and Speyer & Co. A wholesale syndicating house, it should be explained, is one which sells its underwritings to other houses and investment firms, which, in turn, distribute to the investor.

Of syndicates there are an infinite variety from the big banking houses which wholesale government, municipal and the highest grade industrial and railroad bonds, down to small syndicates which put out various issues, sometimes stocks of dubious value and uncertain markets.

How a Syndicate Operates

Let us take as a typical example a



STRUCTURE OF A TYPICAL SECURITY SELLING SYNDICATE

A—Original investment house which bought issue to be sold
B—"Buying group" which takes the issue from A at a slight price advance
C—Distributing group which takes the issue from B at a slight price advance
D—Investors who buy from C

large banking house which is both a wholesaler and a retailer of securities. Such a firm finds it necessary to do little soliciting for issues to sell. Every day from a dozen to twenty propositions are submitted for examination. Ninety-five per cent require only a glance to show that they are unsuitable. Of the remainder, about 3% receive a careful consideration and about 2% are set aside for thorough investigation.

This 2% is thoroughly winnowed. Balance sheets are carefully investigated by the banking firm's experts, the character of the management is closely scrutinized and great care is taken to see that fair valuations are made of properties. If recent and disinterested appraisals are not available, the banking firm has its own appraisals made at the expense of the company. Such banking firms are not interested in promotions and unless about ten years of satisfactory earnings can be shown the proposition receives short shrift.

If all the preliminaries are satisfactory, then the question of what the company intends to do with the new money comes up. Is it to refund outstanding obligations, to pay off bank loans or to be used for additions to the property and extensions of the business? If the company can show that it has a legitimate use for new money and is in a position warranting the issuance of securities, the matter of price for the new money is next in order. It is at this point that many promising negotiations go on the rocks. Some business men, usually those with little banking experience, conceive that the banker should occupy the role of a benign angel whose chief reward should be the satisfaction of a kindly act well performed. But bankers are not like that. They take large risks at times and the profits they make are not disproportionate to the risk and money involved. A million dollars is a lot of money, but it is only 2% on \$50,000,000 and 2% is sometimes all a banking house will make on a high-grade issue by an old-line company. A merchant who made

(*Turn to page 450*)

Railroads

Chicago, Milwaukee & St. Paul Rwy. Co.

Is St. Paul Reorganization Plan Fair to Stockholders?

How the Plan Measures Up Under Close Analysis—The Reasons for Strong Opposition

By VINCENT GUY SANBORN

Reorganization Plan of the St. Paul

	Present Capitalization	Present Fixed Interest Charges	Capitalization Giving Effect to Reorganization Plan†	Fixed Interest Charges Giving Effect to Reorganization Plan†
Undisturbed Bonds	$181,370,400	$ 8,431,904**	$181,370,400	$ 8,431,904**
Timber Loan to be liquidated	2,200,000	110,000	....	....
Notes held by U. S. Government, to be paid, compromised or settled	55,000,000	3,300,000	....	....
Bonds to be exchanged	230,950,796	9,994,889	....	....
Fifty Year Five Per Cent. Mortgage Gold Bonds	....	....	60,698,820	3,034,941
Adjustment Mortgage Bonds	....	....	230,950,796	....
Preferred Stock	115,931,900	....	115,931,900††	....
Common Stock	117,411,300	....	117,411,300‡	....
Total	$702,864,396	$21,836,793	$706,363,216	$11,466,845

†The amounts here stated may be increased by the amount of any securities which may be issued in connection with the liquidation of the 6% Note of the Railway Company dated November 1, 1920, held by the United States Government. These amounts include the new securities issued for new money.
**Aggregate of interest for full year at respective rates on principal amount of obligations outstanding June 1, 1925.
††This amount will be increased by the amount of Preferred Stock required to be applied in settlement of general claims against the Railway Company.
‡Taking no par value Common Stock at $100 per share.

This article presents the essential facts of the St. Paul receivership together with an analysis of the actual Reorganization Plan; also the reasons why several important interests have decided to combat the Plan. As things stand now, it is likely to be a considerable period before final action on the receivership can be taken, particularly in view of the fact that the Interstate Commerce Commission intends to delve into the history of the receivership and may bring out some rather unpleasant facts.

It is essentially the purpose of this article to give the latest developments on the receivership, presenting in an impartial manner the attitude of both contending interests. As soon as new developments of importance appear we shall advise our readers. In the meantime, we suggest that those still holding the road's securities continue to hold until a clearer idea can be had of the outcome.—Editor's Note.

THE exchange of some $500,000,000 par value of securities makes it inevitable that the plan for reorganizing the 11,000-mile bankrupt Chicago, Milwaukee & St. Paul Railway should be subjected to opposition. The fact that the plan has been in the hands of the investing public for more than a month now and has drawn adverse criticism from but two known sources is viewed as remarkable. The picture, no doubt, is incomplete at present but the reorganization managers feel that they have a fair line on future developments.

Confidence in the success of the undertaking as measured by deposits of the various classes of securities is apparent on the part of the bankers and important holders who collaborated in the preparation of the plan. Wall Street's snap judgment the day the announcement was made was favorable to the proposal. For a day or so even the scandal mongers were silenced. Since that time, however, the "anvil chorus" has tuned in and at the moment the "organization party" and the axe grinders are matching broadsides.

The cry of "steam roller tactics" is met with an answering charge of "hard losing gamblers." Meanwhile, the mud-slinging brigade is winding up in preparation for its day in court before the Interstate Commerce Commission. Rarely has any financial development occupied as important a position in the public mind as the St. Paul failure.

It all started last fall. In fact, April, 1924, marked the very first in-

timation that the road, which finished 1923 with a surplus of slightly more than $200,000, might not again make the grade. The whisperings which started in that month came with a poor earnings statement revealing a deficit. Gossip, however, quieted down when the road maintained a level of earnings which led many to believe that the 1924 figures might still be written in black, instead of red ink. But about October total net earnings did not look so well alongside fixed charges and the death watch began.

As soon as it was apparent that the year's figures would reveal a deficit, work was started in earnest to resuscitate this giant which was suffering from undernourishment. Engineers of recognized ability started post haste over the line with their impedimenta. Their report demonstrated to the bankers and managers the futility of trying to operate a property which simply could not make both ends meet under existing financial burdens.

With this situation acknowledged by receivership proceedings, work of rejuvenation started at once and the resulting operation promises to restore the patient to what will be a state of normalcy wherein his feet can be placed firmly on the ground and he can be faced in the right direction and given a sufficient forward shove again to bring him back to the front rank.

Details of the Plan

The plan which the reorganization managers have drawn up and which, it is claimed, will bring St. Paul out of the courts in fine style, contemplates the exchange of $230,950,796 of bonds and $233,343,200 of stock. By means of this exchange of bonds the new company will be able to reduce its fixed charges by more than $10,000,000 annually. There are $181,370,400 of the underlying bonds which remain undisturbed, hence the $8,431,904 interest charges will also appear on the ledger of the new company each year. The timber loan of $2,200,000 and the three loans by the Government totaling $55,000,000 will be liquidated. The interest charges on these two items were $110,000 and $3,300,000 annually and this interest will therefore be wiped off the record.

By exchanging the $230,950,795 of junior mortgage bonds for an equal amount of adjustment mortgage bonds, the interest charges will be moved down below fixed charges since the interest on the new bonds is payable only when earned and non-cumulative to July 1, 1930. The assessments of $28 and $32 respectively on the preferred and common shares outstanding will amount to $70,032,548 for which will be issued $60,698,820 of new 50-year 5% mortgage bonds.

The manner in which fixed charges for the new company will be reduced is shown in the accompanying table prepared by the reorganization managers.

There has been much comment regarding that feature of the reorganization plan which provides for payment of the government loans. The loans are three in number: a note for $20,000,000 due March 1, 1930, and secured by $32,000,000 of refunding 6% bonds; one for $25,000,000 due March 1, 1927, and secured by $12,000,000 of general mortgage 5% bonds and $30,329,000 of refunding 6% bonds; and another for $10,000,000 due March 1, 1930, and secured by $6,000,000 of general mortgage 5% bonds and $10,500,000 of refunding 6% bonds. Present liquidation of these obligations has been decided upon as advisable by all those who had a part in the making of the plan. On the subject, the plan says:

"Were the government to foreclose upon its collateral and to exchange that collateral for new securities under the plan the funded debt of the new company would be increased at least $35,000,000 and its interest charges at least $1,750,000. All this increase would rank on a parity with the new securities to be issued to present bondholders and at the same time the $18,000,000 of general mortgage bonds would be left outstanding and the new company deprived of their use for future requirements. Such a dilution of the security of the bondholders and the great additional burden thus put ahead of the stockholders' equity, would be seriously detrimental both to the new company and to its security holders. Were the debt to the government to be extended and the new securities issuable against the present collateral or other new securities, continued as collateral, the question of the ultimate refunding of the debt would remain unsettled and a constant drag on the new company's credit.

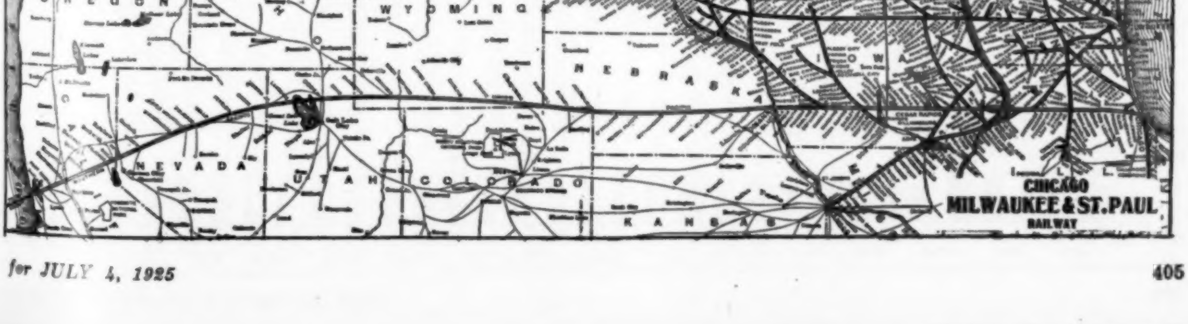
"Were the debt to the government reduced to an amount which could remain upon the security of the $18,000,000 of general mortgage bonds, say $13,000,000, the new company would be deprived of the use of its best bonds for capital requirements during the first few years, and it would, therefore, be necessary to use for such purposes the new first and refunding mortgage bonds which would naturally have to be sold at a higher cost also than that at which it is expected the new first and refunding mortgage bonds can be sold later when the new company's credit has been established."

This outlines, in very brief fashion, the plan which has been the chief topic of discussion since it was brought out. Under its provisions the stockholders pay their assessments in installments; half within thirty days after the plan is declared operative and the remainder by February 1, 1927. The holder of a share of preferred will pay a levy of $28 and will thereupon receive $24 principal amount of the new 50-year 5% mortgage gold bonds and one share of new preferred stock, while the holder of a share of common pays $32 and receives $28 principal amount of the new bonds and one share of new common stock.

The appeal of the managers to St. Paul security holders is summed up as follows:

"The issue of the new securities contemplated by the plan will be subject to the approval of the Interstate Com-

(*Please turn to page* 460)



Missouri-Kansas-Texas R. R. Company

"Katy" Adjustment 5s Worth Watching

Conversion Value of Adjustment 5s—Outlook for Preferred and Common

MISSOURI - KANSAS - TEXAS R. R. was incorporated in 1922 in pursuance of a plan for the reorganization of the Missouri, Kansas & Texas Railway Company. On April 1, 1923, the new company commenced operation of the properties taken over, comprising 3,200 miles of first main track located in the states of Missouri, Kansas, Oklahoma and Texas, and serving such important centers as West Alton, Mo., Junction City, Kansas, Oklahoma City, Okla., Dallas, Fort Worth, San Antonio and Houston, Texas. As a result of the reorganization, unprofitable mileage was eliminated from the system, the financial structure placed on a sound basis; and, though funded debt was not reduced, a considerable percentage of fixed interest bearing securities were replaced by an adjustment bond issue on which interest need be paid only when earned.

During receivership and since the present management assumed control, the physical condition of the road has been greatly improved and it now compares favorably with other systems operating in the same territory. The effect of these improvements is now being reflected in a substantial lowering of the operating ratio. In the first quarter of 1925, operating ratio was 68.6% compared with 72.8% for the same period of 1924. This excellent result was accomplished despite the fact that there was no curtailment of expenditures for maintenance.

For the year ended December 31, 1924, the company reported net income of 5.5 millions after deducting taxes and charges including interest on the 5% adjustment bonds. Allowing for dividends at the rate of 7% on the preferred stock, there was a balance equal to $4.72 a share on the common stock. This compares with $1.43 a share earned on the common in the previous report which covered nine months ended September 30, 1923. In determining the earning power of the common shares, however, there is another important factor which must be taken into consideration and that is the privilege held by the 55.8 millions adjustment 5% bonds to convert into an equal amount of preferred stock. If the preferred stock goes on a 7% basis, which rate must be paid before the common can receive anything, it would obviously be to the advantage of the adjustment bondholders to convert into preferred stock and receive the higher return. A fair estimate of the earnings available for the common shares, therefore, is to deduct 7% on both the preferred stock and adjustment bonds. On this basis earnings for 1924 were equivalent to $2.76 a share on the common stock.

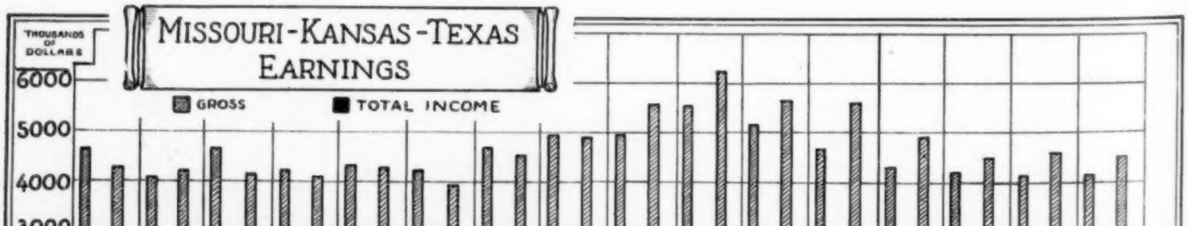
Few roads in the country have shown greater progress than "Katy" so far this year. For the first four months, gross was 18.3 millions compared with 16.6 millions for the same period of 1924 and surplus after charges including interest on adjustment bonds was 1.5 million compared with $800,000 last year. Allowing for seasonable fluctuations in traffic this is equivalent to an annual rate of about $6 a share on the common stock after deducting 7% on both preferred stock and adjustment bonds. However, final results for 1925 are likely to be somewhat under this figure as current traffic is not maintaining the rate of increase of the first four months.

In February of this year, dividends were started on the preferred stock at the rate of 5% per annum. While the preferred stock is entitled to 7% it does not become cumulative until January 1, 1928 and it does not appear likely that the higher rate will be put into effect before 1926 at the earliest. The management is not deserving of criticism for holding to a conservative course, for increasing the preferred dividend to 7% would mean the conversion of a large part of the 55 millions 5% adjustment bonds into preferred stock and it would obviously be a considerable undertaking to increase the returns on such a large amount of capital.

It is now known that L. F. Loree, chairman of Kansas City Southern Railway and his associates have purchased a substantial interest in Missouri-Kansas-Texas and indications are that these two roads will be linked together in a new Southwestern rail merger along with other lines.

In view of the present substantial earning power of this system and promising outlook in the territory served, the adjustment 5% bonds at present levels of 85, returning 5.9% on a straight yield basis, are attractive as interest payments are well protected and the privilege of converting into the preferred stock may prove valuable before long. The preferred stock now paying 5% is selling around 82 and while this issue has long pull possibilities it appears to the writer that it would be the sounder policy for an investor to purchase the adjustment 5s in view of the relatively small difference in price and the greater protection afforded.

At present levels of 33 the common stock is decidedly speculative as dividends on this issue appear some distance off. It compares favorably, however, with other non-dividend paying railroad stocks from the viewpoint of both earning power and merger possibilities.



Profit Opportunities in Oil Bonds

Higher Yield Obtainable, Without Increased Risks, Than in Many Other Lines—Some Sound Investment Issues, with Comparatively High Returns — Pointers for the Oil Investor.

IN times like the present when the return on high grade public utility, railroad and industrial stocks and bonds, in many instances has become so small as to no longer possess investment attractiveness, the investor may turn to the oil bond list with the expectation of finding issues which have not entirely discounted their market prospects and which make a satisfactory return on an investment.

Oil bonds, however, belong in a distinctive investment class. Generally speaking, they are somewhat more speculative—some are highly speculative—than utilities, rail or industrial bonds and this fact the investor should always bear in mind when considering that class of securities. The reason is not far to seek. The oil business, as everyone knows, is one of the most variable there is and subject to very considerable fluctuations. Oil which is coming out of the ground today may cease flowing tomorrow. New fields with large productions spring up overnight to unsettle a satisfactory price situation. A late Winter or a cold Spring may retard consumptive demand so that stocks accumulate in refiners' hands to the detriment of the fundamental situation. The oil investor, therefore, has many hazards to consider which do not obtain in many other investment lines. When conditions are right in the trade, however, the oil investor is rewarded, for oil securities can go up as fast as they can go down.

Oil Industry in Good Position

The year 1925 seems likely to be a very satisfactory oil period. Notwithstanding the apparent large crude production the facts are that the increase has come from heavy oil and there has been a substantial decrease in light, gasoline-producing oil since the first of the year. Price declines in crude and gasoline, which were in full process at this time during the two preceding years, have not materialized to date and as a consequence the better class of oil companies are all making substantial profits.

In considering oil bonds there are several very important points which the investor should consider. Is the company long established or is it new? Are its properties and plants well situated in respect to markets? Is it merely a producer, a producer and refiner, or is it a complete unit, i. e. producer, transporter, refiner and marketer? Does it write off sufficient for depreciation and depletion, especially the latter? Has it an adequate working capital? Is the management capable and honest? What has been the company's earnings and dividend record?

It will require no argument to prove that the bonds of a complete unit company are intrinsically more sound than the bonds of a producing company. The writer is sometimes tempted to raise the question as to whether a producer has a moral right to issue bonds. For the security, in that case, may become of little value on short notice while a company that is a complete unit, like Pierce Oil, may meet reverses and still have an opportunity of "coming back." At all events it is apparent that the bonds of a producing company should possess a much greater factor of safety than the bonds of a complete unit company.

Higher Yield for Oil Bonds

Through the nature of the business, oil bonds make a higher yield than a corresponding grade of utility, railroad or industrial bonds. That provides an investment opportunity. The table which accompanies this article is not a selected list of oil bonds but includes the most important listed issues of the most important companies and ones which are most actively traded in. Some are very speculative while others are strongly enough secured to warrant an excellent investment rating. It will be observed that they all offer a considerably higher yield than can be obtained almost anywhere else without increased risk.

Among those entitled to first consideration are the funded debt obligations of the following companies:

Associated Oil
Atlantic Refining
California Petroleum
General Petroleum
Pan American
Standard of California
Tidewater and Union Oil

The outstanding \$24,000,000 6% notes of the *Associated Oil Co.* have only ten years to run and constitute the company's entire funded debt. They are not secured by a mortgage but are a direct obligation of the company. They are redeemable at 102½ and interest for the sinking fund beginning March 1, 1926. Commencing Sept. 1, next, the company will set aside semi-annually a sum of \$1,230,000 or more for the purchase of these notes at not over 102½ and interest. Associated is one of the leading Pacific coast producers and refiners and is controlled through stock ownership by the Pacific Oil Co. It is a complete unit, has adequate working capital, no preferred stock and \$56,000,000 common stock, par \$25. In the last ten years the company has averaged earnings in excess of \$3 per share on its outstanding stock. Last year the company earned its fixed charges 4½ times and its notes appear to be amply secured.

Atlantic Refining's 5% debentures are the majority of a funded debt totaling slightly less than \$28,000,000. They are a direct obligation not secured by a mortgage. But no prior funded obligation can be issued, nor can the company's total funded debt exceed 50% of net assets. Atlantic has a net working capital of approximately \$56,000,000 and last year earned its fixed charges 5½ times. Atlantic is an offspring of the old Standard Oil Co. of New Jersey. For years it has operated successfully. During the last decade earnings have averaged more than 11% annually on the outstanding common stock. These debentures are strongly secured and are not overpriced at par.

Total funded debt of *California Petroleum* is less than \$8,000,000, of which \$7,200,000 are the ten year sinking fund 6½s, due 1933. They are redeemable on interest dates at 103½ and interest up to and including April 1, 1927. Thereafter the premium decreases ¼% on each interest date. Beginning April 1, 1924, the company retires semi-annually \$400,000 of these bonds so that by the maturity date all will have been retired. It should be noted that the issue is selling at approximately the redemption price, but at that figure yields nearly 6% on the investment. The fact that the company has been operating for thirteen years and that last year fixed charges were earned nearly 7 times, gives an idea of the margin of safety to interest charges. The yield of nearly 6% is an attractive one for a security of this type.

Although *General Petroleum* was listed on the New York Stock Exchange this year the company's securities have been actively traded in on the San Francisco Stock Exchange for a decade. General is a well rounded organization which has come along strongly in the last few years. In the year ended June 30, last, the company enjoyed the greatest gross and net in its history and $7.20 per share was earned on the common stock. Working capital totaled $22,300,000, round figures.

Funded debt totals $18,800,000, consisting principally of the bonds and notes mentioned in the table. The ten year 7s are redeemable whole or in part, at 105 and interest on 60 days' notice. They are a direct lien of the company and are secured by a first mortgage on all its property. Payment of 5% (a minimum of $375,000) began Feb. 15, 1922, to be used for redemption of these bonds.

The 6% notes, probably because of the fact that they mature in 1928, sell on a slightly less yield basis than the mortgage bonds. They are redeemable on 60 days' notice at 102½ on or before Oct. 15, 1923, the premium thereafter decreasing ¼ of 1% for each six months' period or fraction thereof. Beginning April 15, 1924, an annual sinking fund of $500,000, payable quarterly, went into operation to purchase these notes at not over par and interest.

Pan American's funded debt totals approximately $19,000,000 and the interest thereon was earned 10½ times last year. The marine equipment convertible 7s are a direct obligation of the company and secured by a first mortgage upon a fleet of ten tankships totalling 100,670 deadweight tons. They are redeemable at 105 and interest on nine weeks' notice. Beginning Feb. 1, 1921, a semi-annual sinking fund of $525,000 went into operation. The bonds are convertible into the company's B stock at $106.45 per share. The convertible feature has little prospective value at this writing but as a well secured issue yielding 5½% the issue has merit.

The relatively low return of the convertible 6s of 1934 is explained by the convertible feature which permits these bonds to be converted into stock at the rate of $70 per share for the latter, or $1,400 bonds for $1,000 par value of stock. As the stock has sold up nearly to 84 this year and is 78 at this writing, it will be perceived that the convertible feature is an important factor. The holder of $1,400 par value of bonds, costing $1,624, at the present market, can convert into 20 shares of B stock with a market value of $1,560. In view of the low yield, the fact that the issue is redeemable at 103 and interest on six weeks' notice, on or before April 30, 1929, and also that the price of the bonds has somewhat overdiscounted the convertibility feature, it would appear that the stock is the more attractive purchase at this time.

The $22,500,000 5% serial notes of the *Standard Oil Co. of California* constitute the entire funded debt of the company. They are due $2,500,000 annually August 1, 1924, to August 1, 1933, inclusive. They are redeemable as a whole or in part in amounts of $2,500,000 or multiples thereof constituting single maturities, on any interest date on 30 days' notice at 100 and accrued interest plus a premium of ¼% for each six months' period unexpired. They are a direct obligation of the company but are not secured by a mortgage.

This company is the largest producer of oil in California and one of the largest in the United States. Working capital exceeds $78,000,000. In the last ten years average earnings on the company's one class of stock outstanding has exceeded 23%. There is a high degree of security behind these notes.

Tidewater's $12,000,000 6½% debentures constitute the company's entire funded debt. They are a direct lien of the company but are not secured by a mortgage. They are redeemable in lots of $500,000 or more on 30 days' notice at 103½ and interest on or before Feb. 15, 1922, and thereafter at ¼% less for each half year, but not less than par and ½% and interest. Tidewater is

(*Please turn to page* 468)

ESSENTIAL DATA ON LEADING LISTED OIL BONDS

Company Issue	Authorized	Outstanding	Due	1925 Low	1925 High	Fixed charges, times earned in 1924	Interest Rate Per Cent	Recent Price	Yield to Maturity Per Cent
Associated Oil Notes	$24,000,000	$24,000,000	Sept. 1, 1935	101¾	103½	4.5	6	103¼	5.6
Atlantic Ref. Deb.	15,000,000	15,000,000	July 1, 1937	97¾	100	5.5	5	100	5.0
Barnsdall Cor. S. F. Con.	15,000,000	5,710,700	Jan. 1, 1931	102½	105¼	2.4	8	105⅛	6.9
Cal. Petroleum S. F. bonds	8,000,000	7,200,000	Oct. 1, 1933	100¾	104½	6.9	6½	103¾	5.9
Gen. Petroleum S. F. bonds	10,000,000	7,861,000	Feb. 15, 1931	.....	.....	6.4	7	106⅛	5.8
Notes	10,000,000	9,491,000	Apr. 15, 1928	100⅜	101⅞	...	6	101¾	5.3
Marland Oil Notes	20,000,000	20,000,000	Nov. 1, 1926	.....	.....	2.3	5	100¼	4.7
Pan American Mar. Equip. Con.	10,000,000	5,668,500	Aug. 1, 1930	104½	107	10.5	7	106½	5.5
S. F. Con.	12,000,000	12,000,000	Nov. 1, 1934	103	118⅝	...	6	115	4.0
Sinclair Con. 1st Lien "A"	100,000,000	48,424,000	Mar. 15, 1937	88	95	.6	7	94¾	7.7
1st Lien "B"	see "A"	24,432,000	June 1, 1938	82⅝	90¾	...	6½	89¼	7.8
1st Lien "C"	see "A"	15,000,000	Dec. 1, 1927	104¾	117	...	6	116	5.1 (b)
Skelly Oil Con. Notes		6,775,000	Oct. 1, 1927	106⅞	120⅝	1.0	6½	119½	5.4 (b)
Stand. of Cal. Serial notes	25,000,000	22,500,000	(a)	.....	.....	25.7	5	100@100¾	5.0+(a)
Superior Oil 1st Mort.	1,000,000	714,200	Feb. 15, 1929	96	99	def.	7	96	8.2
Tidewater Oil Deb.	12,000,000	12,000,000	Feb. 15, 1931	102¾	104⅝	5.9	6½	103½	5.8
Transcontinental rotes	7,500,000	4,000,000	Apr. 1, 1930	.....	.....	.2	7	101	6.7
Union Oil Deb.	25,000,000	8,937,500	May 1, 1942	102⅜	104⅝	9.7	6	104¼	5.6
1st Lien	20,000,000	6,173,000	Jan. 2, 1931	99¾	100½	...	5	100½	4.9
S. F. Deb.	10,000,000	10,000,000	Feb. 1, 1935	94½	96½	...	5	95¾	5.6

(a) Due $250,000 annually Aug. 1, 1924, to Aug. 1, 1933 inclusive.

(b) See text for explanation of high price for these notes. The return is figured on a flat yield basis.

BONDS

THE run up in call money during the past few days was practically ignored in the bond market. With time funds in plentiful supply at low rates, there was no reason to feel that the immediate call money rate was only a temporary affair. This situation was reflected in continued high records for Government loans. Financial institutions and insurance companies, owing to the ease in money rates, continue purchasers of gilt edge bonds, which has acted as a sustaining force to quotations for securities of that character.

In the foreign bond market, there was a good deal of buying of high yielding issues, such as the Japanese 6½s and the City of Montevideo 7s. Another strong spot among the South American issues was the Republic of Argentine 5s of 1945. European issues moved aimlessly with only fractional changes.

Rails were comparatively quiet, the junior issues continuing their stabilization on basis of recent levels. This is not at all surprising, in view of the very substantial advances which have occurred in this section of the list. The same thing was the case with the public utility and industrial issues, which, while firm, made no further advances, although there was no sign of any weakness. There were a number of individual issues which scored rather sensational advances, such as the Pierce-Arrow Motor Car Company Debenture 8s, which sold at around 106 and the Virginia-Carolina Chemical Company first mortgage 7s, which almost reached 98, but these were exceptional cases and not indicative of the general market. Among the issues listed in the Bond Buyers' Guide, the Armour & Company 4½s and Armour & Company of Delaware first 5s were strong, and in the public utility division, the Havana Electric Railway Light & Power 5s advanced over two points. The local tractions also improved their position, led by the Brooklyn-Manhattan Transit 6s.

Bond prices have reached levels where except in special individual cases here and there, this section of the security market does not offer much incentive for making new commitments. The position of the individual investor is, of course, different from that of the financial institutions who have funds to place in use and are satisfied to accept the present low yields on high grade bonds until such time as commercial demand will bring them better returns, at which time they will, of course, dispose of their holdings bought for temporary investment. To the individual, the present low yields cannot be considered much of an incentive, and, even in the middle grade divisions, yields are now at a point where there is no particular inducement to make commitments. It is doubtless these reasons that have caused investors to turn to the preferred share market and has also resulted in some investment funds finding their way into speculative channels.

BOND BUYERS' GUIDE

(Bonds listed in order of preference)

		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
HIGH GRADE (For Income Only)				
Non-Callable Bonds:				
Great Northern Genl. 7s, 1936	(c)	110	5.75	2.85
Atlantic & Danville 1st 4s, 1948	(a)	78⅛	5.70	....
Western Union Telegraph Co. 6½s, 1936	(a)	110⅝	5.20	e 1.75
New York Edison Co. 6½s, 1941	(b)	115	5.10	3.30
Chicago & Northwestern 7s, 1930	(b)	107	5.30	1.80
Delaware & Hudson 7s, 1930	(b)	108¾	5.05	2.10
New York Dock Co. 4s, 1951	(a)	80⅛	5.40	2.70
Callable Bonds:				
Armour & Co. Real Estate 4½s, 1939	(a)	89⅝	5.55	....
Laclede Gas Light Coll. & Rfd. 5½s, 1953	(c)	101⅛	5.35	1.41
Canadian General Electric deb. 6s, 1942	(a)	107⅜	5.35	g 2.80
MIDDLE GRADE (For Income and Profit)				
Railroads:				
Cuba R. R. 1st 5s, 1952	(a)	88	5.90	2.45
St. L. & S. F. Prior Lien 4s, 1950	(c)	78	5.65	1.25
Western Pacific 1st 5s, 1946	(c)	95⅛	5.40	2.40
New York, Ontario & Western Rfd. 4s, 1992	(a)	69⅛	5.80	2.00
Missouri Pacific 1st & Rfd. 6s, 1949	(b)	101⅛	5.90	1.20
Baltimore & Ohio Convertible 4½s, 1933	(b)	94	5.40	1.35
Baltimore & Ohio Rfd. 5s, 1995	(b)	91	5.50	1.35
Missouri, Kansas & Texas Prior Lien 5s, 1962	(c)	95¼	5.25	1.10
Boston & New York Air Line 4s, 1955	(a)	72	6.00	....
Kansas City Southern Rfd. and Imp. 5s, 1950	(a)	92	5.55	1.90
Minneapolis, St. Paul & Sault Ste. Marie 6½s, 1931	(a)	103	5.75	1.50
Rutland R. R. 1st 4½s, 1941	(a)	88⅛	5.60	1.75
Industrials:				
South Porto Rico 1st Mtg. and Col. 7s, 1941	(b)	105⅛	6.50	2.20
Sinclair Pipe Line 5s, 1942	(b)	87⅛	6.25	g 2.50
Goodrich, B. F., Co., 1st 6½s, 1947	(b)	105⅛	6.10	e 2.40
California Petroleum Corp. 6½s, 1933	(c)	103¾	5.90	4.80
International Paper Co. 5s, 1947	(a)	92¾	5.00	3.50
U. S. Rubber 5s, 1947	(c)	89	5.90	2.05
Bethlehem Steel Co. 5s, 1936	(a)	93⅛	5.90	f 2.30
Armour & Co. of Del. 1st 5½s, 1943	(c)	94½	6.00	....
Anaconda Copper Mining Co. 1st 6s, 1953	(b)	101	5.90	g 1.25
Union Bag & Paper Co. 6s, 1942	(b)	97⅛	6.25	f 4.40
Public Utilities:				
Manhattan Railway Cons. 4s, 1990	(a)	62	6.50	g 0.90
Amer. Water Works & Elect. Corp. Col. 5s, 1934	(c)	96⅜	5.50	2.40
Ohio Public Service 7s, 1947	(c)	110	6.15	f 2.00
United Fuel Gas 6s, 1936	(b)	101¾	5.80	e 7.00
Virginia Railway & Power 5s, 1934	(a)	98⅛	5.20	2.00
Hudson & Manhattan Refunding 5s, 1957	(c)	92	5.40	2.60
American Gas & Electric 6s, 2014	(c)	98	6.10	2.00
American Power & Light Deb. 6s, 2016	(c)	97⅛	6.15	3.00
Kansas Gas & Electric 6s, 1952	(b)	102	5.80	1.80
Havana Elec. Ry. Light & Power 5s, 1954	(a)	93¾	5.45	5.00
Commonwealth Power Corp. 6s, 1947	(c)	101½	5.85	4.50
Manitoba Power Company 7s, 1941	(c)	104	6.60	....
SPECULATIVE (For Income and Profit)				
Railroads:				
Chesapeake & Ohio Conv. 5s, 1946	(b)	106⅛	4.50	1.65
Erie Genl. Lien 4s, 1996	(b)	63⅛	6.35	1.31
St. Louis & San Francisco Adj. Mtg. 6s, 1955	(c)	90⅝	6.75	1.25
Missouri, Kansas & Texas Adj. Mtg. 5s, 1967	(c)	85⅝	5.90	1.10
International Great Northern Adj. 6s, 1952	(c)	73⅝	6.05	....
Chicago Great Western 1st 4s, 1959	(a)	65⅝	6.40	0.85
Western Maryland 1st Mtg. 4s, 1952	(a)	66⅝	6.00	1.20
Rock Island, Ark. & Louisiana 1st 4½s, 1934	(c)	88⅝	6.15	....
Industrials:				
Pan Amer. Petroleum & Transport Conv. 6s, 1934	(c)	111⅝	4.40	25.00
Cuba Cane Sugar 7s, 1930	(c)	96⅝	7.90	2.15
International Mercantile Marine 6s, 1941	(b)	86⅝	7.40	2.50
American Agricultural Chemical Co. 7½s, 1941	(b)	102⅛	7.25	....
Warner Sugar Refining Co. 1st 7s, 1941	(c)	94⅛	7.60	....
Public Utilities:				
Empire Gas & Fuel 7½s, Series "A," 1937	(c)	104½	6.90	3.30
Brooklyn-Manhattan Transit 6s, 1968	(c)	91	6.60	f 1.50
Chicago Railways 1st 5s, 1927	(a)	77	16.00	1.08
Hudson & Manhattan Adj. Income 5s, 1957	(b)	76⅛	6.85	2.00
Interboro Rapid Transit 5s, 1966	(a)	69⅝	7.35	0.90
Third Avenue Railway Rfd. 4s, 1960	(b)	58	7.30	i 1.35

‡ Callable in 1936. ¶ This represents the number of times interest on the companies' entire outstanding funded debt was earned, based on earnings during the last five years. Includes government payments during period of government operations of railroads.

(a) Lowest denom., $1,000. (aa) 1922. (b) Lowest denom., $500. (c) Lowest denom., $100. (d) Lowest denom., $50. e Average last three years. f Average last two years. g Average last four years. i Does not include interest on adjustment bonds.

Public Utilities

The Montana Power Company

Western Monarch of the Hydro-Electrics

Has a Key Position in the Light and Power Field

EVEN casual examination of an electric light and power development map of this continent reveals the unusually strong position occupied by this company. Territory served extends from the western line from the State of Montana to Billings, a distance of 459 miles, and from Yellowstone Park on the south line of the state to Havre, located on the Great Northern Railway and within a few miles of the Canadian border. This territory includes almost all the State of Montana and embraces the principal agricultural, timber and mining sections and includes practically all of Montana's large cities and towns. The company owns and controls very nearly all the hydro-electric output in the State of Montana. Capacity of its plants is now approximately 222,000 K.W. and its hydro-electric power sites, as yet undeveloped, have a 117,000 K.W. capacity. Its storage reservoirs and service have an available capacity of over 33,000 acres. At the close of 1924, the company had a total of over 2,000 miles of transmission lines and service spreading a regular network over the State of Montana and connecting 104 sub-stations with an aggregate installed capacity of 331,000 K.W.

Montana's Customers

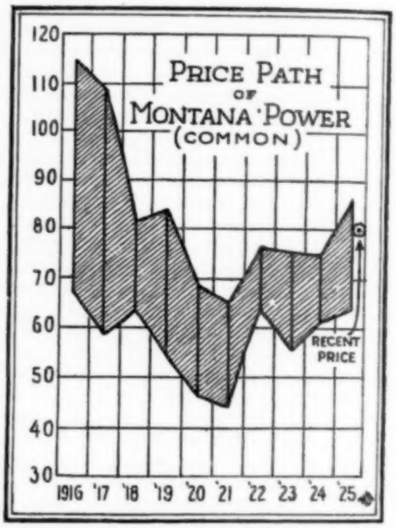
While the company primarily furnishes electric light, heat and power for industrial purposes, it has distribution systems for domestic purposes in 70 cities and towns. Power is supplied to the metaliferous mining industry in the Butte and Coeur d'Alene districts as well as among other districts and properties in the west central part of the State. Among other large consumers are the smelting, production and manufacturing plants at Great Falls, Anaconda and East Helena. During 1916 the company made a contract with the Anaconda Copper Mining Company to supply current for the operation of its electrolytic zinc plant which requires over 30,000 K.W. for its operation. The company also supplies power to the Chicago, Milwaukee & St. Paul Railway under a ninety-nine year contract for the operation of 437 miles of line. It also has an interconnection of 15,000 K.W. capacity for delivery of power to the Washington Water Power Company.

For a period of years there has been very little change in the company's capital structure. At present, direct funded debt and funded debt of subsidiary companies totals $35,172,000 and there are no bond maturities prior to 1931. There is $9,784,600 7% cumulative preferred stock outstanding and this issue is currently quoted around 112, which illustrates the high credit standing of the company. There are 496,333 shares of $100 par value common stock outstanding in the hands of the public. Dividends have been paid on the junior stock issue since 1913 at rates varying from $2.00 to $5.00 annually.

These dividend disbursements have been very large in proportion to earnings per share. During the past ten years, the company has earned on an average of about $4.85 per share annually and in 1924 earnings were equivalent to $4.50 per share compared with dividend disbursements of $4.00 per share. It is interesting to note that, while other prominent light and power organizations have been reporting tremendous increases in gross revenues, this company's gross earnings have remained almost at a standstill for the last ten years. This is due, of course, to the fact that there has been no great industrial development in its territory during this period and no pronounced increase in population. Based on earning power, it is obvious that the security is selling above its worth at a present price of 80 but, as previously stated, other things must be taken into consideration.

This company will necessarily have a key position in future super-power systems of the West and its several thousand miles of transmission lines are a potent factor, as well as its almost absolute control of developed hydro-electric power in a State noted for its hydro-electric developments. The various hydro-electric plants of the company were, for the most part, completed during a period of low cost and a valuation of these plants would show a very much higher figure than book value. The same is true of its transmission lines.

Although the company is now independently operated, its directorate includes the names of well known public utility operators identified with large public utility holding companies such



as Electric Bond and Share. There is no question that the company has an excellent management and that stockholders will be well taken care of in a probable future consolidation in which this company will be included.

The past ten years have not demonstrated an increasing earning power, but, due to its long term contracts, the company has been able to show very stable earnings, and the time will come when its earnings should increase tremendously.

Conclusion

Inevitably, many of the great railroad systems in the West will be electrified. When this comes, Montana Power will undoubtedly be able to secure a number of other large and profitable contracts. It will almost certainly be called upon to furnish power to the Great Northern Railway and the Northern Pacific at those points where these roads cross the continental divide and for a considerable stretch to the East of the divide. *From the standpoint of the security holder who invests on the basis of established earning power, Montana Power common offers little immediate opportunity. On the other hand, the security offers good long-term investment possibilties for those with the patience to wait for the great developments that will take place in the part of the country in which the company operates.*

Int. Paper As a Public Utility

World's Biggest Paper Manufacturer Also One of the Largest Owners of Water Power on the Continent

THROUGH the recent acquisition of the Riordon properties in Canada, International Paper has greatly enlarged both its paper mill capacity and the ultimate capacity of its water power properties. Its paper mills now have twice the productive capacity of those of any other company on the continent and the company is the largest manufacturer of wrapping and bag papers as well as a leading producer of other specialties.

The company is also among the largest holders of developed and undeveloped water powers in America, its developed water power sites having a present installed capacity of 180,000 h.p. which is capable of being increased, through further development and through the utilization of undeveloped sites, to over 600,000 h.p. on a hydro-electric basis.

Prior to its acquisition of the Riordon properties, the company's chief water power sites were located in the United States and, in 1918, its water power properties were estimated to have a value in excess of $17,000,000 for hydro-electric purposes alone. The company also had rights to 33,000 electric h.p. at Three Rivers, Province of Quebec, and through its recent acquisition, eight other valuable water sites have been secured along the Gatineau River and in other sections of Quebec.

While paper companies have need of a substantial supply of hydro-electric power, International's supply is greatly in excess of its own requirements. At the present time, electric power is being sold to public utility and industrial purchasers for more than one-half million dollars annually. It is expected that hydro-electric plant capacity will be greatly enlarged during the next few years and that the company will gradually secure an increasing proportion of its revenues from electric light and power sources.

International Paper has already chartered a new corporation known as the International Hydro-Electric Corporation to which it plans to transfer all of its water power properties. The purpose of this action is to provide for the separate financing of power properties on a more favorable basis and to allow for their coordinated development. This segregation will be of actual benefit to stockholders inasmuch as it will permit of future financing on a lower cost basis but it is as yet too early to predict just what importance this segregation will have in regard to bondholders. Holders of this company's First & Refunding Mortgage 5% Bonds and Refunding Mortgage 6% Bonds are now protected by a lien on these hydro-electric properties but it is quite possible that, under the plan of segregation, other properties will be substituted as security for present bond issues. Both mortgages make adequate provision for this substitution.

Directly owned and controlled paper and pulp mills are located in Maine, New Hampshire, Vermont, Massachusetts, New York and in the Provinces of Quebec and Ontario, Canada. A large part of the company's business is conducted through subsidiaries. The company's most important plant is the Three Rivers mill at Three Rivers, Quebec. This mill was completed about three years ago and is now being enlarged so that it will presently have a capacity of 500 tons a day. Not only has the company adequate water power facilities, but its timber holdings are sufficient to provide for its requirements for many years to come. More than 1,600,000 acres of timber lands are owned in fee. Stumpage rights cover 55,000 acres and timber limit leases in Canada cover very nearly 10,000,000 acres.

It is generally known that the news print industry is shifting from the United States to Canada, due to various economic conditions and, in line with this geographical movement, International Paper has provided for the future through its purchase of the Riordon properties. This new acquisition permits the company to follow the trend in the paper industry by conducting its news print manufacturing in Canada and turning its mills in this country into fine paper mills or further utilizing them for the generation of hydro-electric power. International is now in a position to manufacture on a very large scale without danger of exhausting raw material supplies that are easily available to its mills and can be handled at low cost.

The purchase of the Riordon properties which was consummated but several months ago may be considered an excellent long term business proposition from the standpoint of International Paper stockholders, although not immediately profitable. Total assets obtained through this purchase had a book value of over 46 millions, while they were purchased for but 27 millions of which less than 8 millions was represented by cash. Due to a number of unfavorable situations, these newly acquired properties were not able to show any amount of profit in the past few years and it will probably be several years to come before International Paper can demonstrate a real earning power from this source.

In connection with its recent expansion, the company has considerably increased its outstanding capitalization both in regard to bond and stock issues. Funded debt has been increased from less than 20 millions to a present total

(*Please turn to page* 421)

The Falls on the Gatineau River included in the Riordon properties recently purchased by the International Paper Co. These falls, near the City of Ottawa, are capable of development to produce over 70,000 continuous horse power.

What the Lawyer Can Do for Your Business

A Practical Form of Insurance Against Business Loss

By J. SCHOLER
Of the firm of Kaye, McDavitt & Scholer, Attorneys for the Chatham Phenix National Bank & Trust Co.

> *THE Business Service Department was launched in response to insistent demand from our subscribers whose confidence we appreciate. This organization is in a unique position to analyze the methods of leading companies and their management since investigation into the position of securities first demands careful study of management method, financing, markets, sales and other important factors on which business depends. We are glad to turn this information over to our thousands of business-men readers for their use in their every-day business affairs. Each article of this series has been written by an acknowledged authority on the subject. We invite a careful reading of the Department and shall be glad to answer questions on the various subjects discussed.*

IN the practice of medicine, preventive rather than remedial measures are characteristic of its progressive and modern development. In the practice of law, business men are adopting similar methods. They are coming more and more to enlist the aid of lawyers for preventive measures rather than seeking their services only after litigation or difficulty has been encountered. To such an extent has this practice grown that most of the large corporations, banks and other commercial institutions of the country number among the members of their organization a resident attorney or attorneys. They are in frequent attendance and are consulted as often about legal as well as the business phases of their client's transactions.

To illustrate more clearly the relationship of the business man of today and his lawyer, let us take the case of Jones and Brown, two men who desire to form a partnership, to engage in the business of dealing in silks and other textiles. Each of them has agreed to contribute $25,000 to the capital of the business.

Let us assume that Brown is a man who in the past has made it a practice to consult with his lawyers in connection with his business problems. Jones, on the other hand, prefers to rely on his own judgment and has a certain prejudice against lawyers, common among certain people, who look upon them as unnecessary and expensive.

Brown suggests that they procure a lawyer to draw up their partnership agreement. Jones protests and claims it is an unnecessary and useless expense. He argues that they have known each other for a number of years, have confidence in each other, and know what they desire to accomplish. He suggests that they merely go down to the bank and deposit the $50,000, divide the profit and losses, and that is all that is necessary.

Brown in order to please Jones, abides by his suggestion and they go down to the bank. The bank official, before opening the account, asks them a number of questions. He wants to know who is to sign checks and the authority of each partner in connection with discounting commercial paper, the trade name under which the business is to be conducted, etc. After a few more questions of this nature, Brown tells Jones that these and other matters should have been discussed by them and put in such form that not only they would know about them, but if anything happened to either of them they would have an agreement which would be self-explanatory.

Jones thereupon reluctantly consents to go with Brown to consult a lawyer. The lawyer advises them that before they can conduct business under a trade name they must file a certificate in certain public offices designated for that purpose. He inquires as to what shall be done with the firm name and the goodwill of the business in the event of the decease of either of the partners. He asks whether they desire to limit the authority of the partners to obligate the firm. He discusses the advantages and disadvantages of forming a partnership as comcompared with a corporation. He explains the difference in the amount of taxes they would have to pay if they conducted business as a partnership as compared with those payable by a corporation.

These matters, which had never occurred to Jones, make an impression on him. He grudgingly admits that the lawyer drew a fine partnership agreement, and anticipated a great many things that might have occasioned some difficulty in their business career.

While impressed with the question of the amount of taxes which the firm or the individual members thereof would have to pay, in comparison with those payable by a corporation, he still feels that they might have been able to proceed just as well without having their agreement reduced to writing. He feels that there are infrequent occasions when most of the provisions set forth in the partnership agreement are put to a test. These, however, are the preventive measures, the necessity

for which every prudent lawyer recognizes.

Brown and Jones (with the partnership agreement buried in a vault) then look for a place in which to carry on their business. They receive a long and complicated-looking lease from their landlord. Brown again suggests going to see the lawyer before signing the lease and Jones again objects, saying it is needless. He argues that in the case of the formation of the partnership the lawyer was called upon to draw up a document. Here the lease was already drawn, and he can read English as well as anybody else and it would be a further needless expense. Brown points out that the lawyer was of help in drawing up the partnership agreement and that there may be some things in the lease which might prove objectionable, and other things omitted which ought to be included. Jones again reluctantly consents to go to consult their lawyer.

Much to Jones's surprise, the lawyer raises a number of questions of practical importance which had never occurred to him. The lease, for instance, said nothing about whether the landlord had the right to rent any other store in the building to a competing business. Jones at once remarked that he would not want to lease a store in any building where the landlord would have the right to lease another store in the same building to a competitor. The lease said nothing about manufacturing being carried on in the building. Jones was told of a concern which moved into a store under a long term lease at a large rental, and then found that the vibration and noise of the machinery on the floor above was a great detriment to the carrying on of its business and a great annoyance to the customers of the concern. Jones at once appreciated that this must be provided against. The matter of what repairs the partners would have to make and those which the landlord would have to make was not fully specified—a matter which has caused a great deal of litigation because of this very situation. The question whether Brown and Jones had the right to assign the lease was raised. The lawyer pointed out that the lease being a long term lease ought to run to them or their assignees, because of the possibility of their some day forming a corporation and wanting to have the right to transfer the lease to the corporation.

After these matters had been discussed and straightened out, Jones reluctantly admitted that he was pleased that they had consulted their attorney about the matter. He was commencing to entertain a suspicion that perhaps Brown as the older and more conservative business man of the two was acting wisely in consulting a lawyer about these business matters. Still his prejudice against lawyers would not permit him to admit that it was *necessary* to consult lawyers as frequently as Brown felt it ought to be done. He was commencing to be impressed with the lawyer's contention that in his practice, he advised against and tried to avoid litigation, whenever possible, because to the business man, as well as his lawyer, litigation as a general rule, was obviously an unprofitable affair.

Brown and Jones, having taken possession of their factory and store, engage a salesman. Brown suggests that they had better consult their lawyer about drawing an agreement with the salesman. This time Jones argues that a simple matter such as an agreement with a salesman can be set forth in a letter between the parties and the lawyer's fee be saved. Brown says, "Now, Jones, I am sure that the lawyer would not charge us very much for drawing up a short and simple agreement and it might prevent future misunderstanding. The salesman is a high priced man, and I think it would be worth it." Jones replies, "I will draw up a letter that I am sure will serve the purpose." He draws up a letter in which it is set forth that the salesman is to receive a certain commission on all sales, and as against the commissions to be earned he is to receive a drawing account of $100 per week.

After a few months, Brown and Jones discover that the salesman, although doing his best, is not living up to their expectations and has overdrawn his account. They refuse to let him draw any more money. The salesman threatens to institute suit. Jones tells him that he is working on a commission basis and is only entitled to his drawings, if the commissions earned warrant it. Thereupon the salesman institutes suit against the firm and they now *have* to go down to see their lawyer.

The lawyer examines the agreement and tells the surprised Mr. Jones that the salesman is entitled to his drawing account. He points out that the letter to the salesman was silent on the question as to whether the salesman was obligated to repay to the firm the amount he had overdrawn. Jones is informed that such a drawing account was, under the law, equivalent to a salary and must be paid even though the commissions earned are not equal to the drawing account, because the contract contained no protective provisions.

As a result of Jones's trying to save a *small* legal fee, the firm had to pay a very *large* one in addition to a sum paid the salesman in order to get rid of the contract.

Brown and Jones in the course of their business commence negotiations with a factory to purchase their complete output. Since it is one on a rather large scale, Brown again recommends that they consult a lawyer about drawing up the agreement. Jones, despite his previous experience insists it is merely a question of agreeing with the mill to take its entire output at certain prices. Jones claims that if they go down to see the lawyer, his fee, because of the amount involved, will be rather large, and this can be saved.

Brown, in the interests of harmony, again reluctantly consents to have letters exchanged between the parties, in which their agreement is supposed to be set forth. This is done. They run along for a while under the agreement, and the mill continues to supply the merchandise. Some time later the mill suddenly hits a snag in the way of a long and protracted strike of the mill workers.

Brown and Jones have sent out their salesmen with samples of this merchandise, and have received a large number of orders which still remain unfilled. Their contract with the mill was upon very favorable terms and the merchandise is in great demand and the market for it is advancing. The curtailment of the mill supply by reason of the strike causes a serious situation in their business. Customers are demanding their merchandise. Suits are threatened because of their failure to deliver. The pressure becomes so great that Jones finally consents to accom-

(*Please turn to page* 465)

MODERN business is so complex and its undertakings so extensive that the business man encounters the need of expert legal advice at almost every turn. In fact, in many cases the lawyer nowadays has become a business as well as legal adviser. We believe it only a matter of common sense for business people to utilize the service of lawyers. Laws relating to business conduct and activities have become so numerous and complicated that it frequently takes the specialist—the lawyer—to steer the business bark away from the financial shoals. The cost of legal fees, indeed, may well be considered in the light of business insurance.

Industrials

Int. Telephone & Telegraph | *Foundation Company* | *Int. Combustion Engineering*

American Companies in Foreign Roles

Many Domestic Industries Are Expanding Abroad—Leading Examples

AMERICAN corporations are steadily blazing new industrial trails abroad. Numerous causes underlie this movement. Looking back to the early history of America, we are apt to stress the importance of the struggle for religious and political freedom as a prime factor in the country's growth. Economic pressure was no less an influence in the colonization of what are now the United States. The wealth brought to Spain through her over-seas possessions excited envy among English merchants at a time when the need for expansion of home markets was beginning to be keenly felt because of rising industrial life within the small area of the British Isles. Numerous enterprises were organized to build up colonies and establish new outlets for home manufactures.

After the war of independence, however, the United States was left free to develop its own resources. England again made a noteworthy contribution to this movement for about the time of the Revolution, manufacturing processes in the Mother country were being revolutionized by the introduction of machinery. Invention followed invention. Coming when this country was rapidly opening up to industrial development, the era of invention was given marked impetus by the aggressive employment of American ingenuity in working out new processes.

Development of Our Resources

With the westward flow of population, lines of transportation, communication and manufacture followed. The United States became a fruitful field for the investment of European capital. Attracted by the opportunities in the New World, foreign nations lent freely of their surplus funds in return for generous dividends and interest. Hence, the United States became a debtor nation and to pay its obligations abroad exported large quantities of goods.

The development of our resources with its attendant diversification of industry and increase in national wealth have also been potent factors in stimulating foreign trade. Large scale production has tended to increase the quantity of goods beyond the limits of home consumption. Thus, the great meat packing concerns, automobile manufacturers and the like have sought to extend operations to foreign shores to keep home plants working fully.

With the extension of American business to other quarters of the globe, adequate means of transportation and communication have naturally accompanied the movement of commerce. Thus the great submarine cable systems of the Western Union and Mackay companies have carried the arteries of communication to the trading nations of the world.

Enlarging Their Markets

The effect of inventions is graphically told in the statistical exhibits of our export trade. As manufacturers seek to enlarge their markets by selling output abroad, so inventions are exploited in countries where, for one reason or another progress has been retarded. Domestic companies such as International Harvester, Underwood and Remington among the typewriter companies, Singer Sewing Machine and numerous others have long been prominent in foreign fields.

More recently, the advent of wireless telegraphy has added another romantic chapter to the extension of American inventive and engineering genius abroad. The Radio Corporation of America is steadily expanding its chain of wireless telegraph stations throughout the world.

A prosperous country is a large consumer as well as a heavy investor in foreign fields. Surplus wealth ferrets out channels for profitable employment wherever conditions are stable enough to assure peaceful development of industry. While European capital formerly came to the United States, the war has completely reversed the old relationship.

In much the same manner as the early English merchants felt the necessity for expanding their markets, so the United States is now beginning to look to foreign fields more intently. With the passing of the frontier days and the rapid rise of our industries, relatively little undeveloped territory is, for the time being, left for industrial conquest. Moreover, the war stimulus has left us with many plant capacities expanded beyond the present day peace-time requirements of the nation. Years of normal growth may be required to make good the present deficiency between consumption and potential output. The effect of this situation is to drive domestic industries to the development of foreign enterprises.

In this movement toward exploitation abroad, many relatively new companies are appearing in the lists of American enterprise. Three of the more prominent are discussed herewith.

International Combustion Engineering

	Net Income	Earned $ per share	Div. $ per share	Plant Investment (In millions of Dollars)	Working Capital (In millions of Dollars)	Capital Stock (In millions of Dollars)
1921...	$ 596,900	*4.26	2.0	1.41	1.24	3.27
1922...	435,800	2.01	2.0	2.49	1.76	4.92
1923...	908,600	3.21	2.0	3.55	2.23	7.18
1924...	1,048,900	2.66	2.0	3.57	2.95	8.69

* On basis of present capitalization.

INT'L COMBUSTION ENGINEERING CORP.

A NOTABLE instance of the capitalization of American inventive genius and its extension to foreign industry is exemplified by this company. Engineers are continually striving to improve the efficiency of coal burning devices since but a very small percentage of this fuel is converted into useful energy by the ordinary processes of combustion. In an industrial world where competition is ever increasing, there is an impelling incentive to adopt new methods which will permit operating economies.

Automatic stokers and similar mechanisms for saving labor and coal are familiar sights in large industrial and public utility plants. International Combustion, through its subsidiaries, does an extensive business in this line. In addition to the standard lines of manufacture, the company endeavors to solve the fuel problems of individual customers. To this end, it designs combustion systems especially adapted to peculiar requirements.

Other branches of International's activities comprise the manufacture and sale of various underfeed stokers and traveling grates that have been developed to burn various grades of coal at high ratings and efficiencies. Probably one of the most important devices produced is the Lopulco System for burning coal in pulverized form. Although this method of combustion was long used successfully in the cement manufacturing industry, it remained for International to develop the basic inventions that have permitted its adaptation to other power installations.

To keep pace with the growing demands for these devices in the United States, International Combustion has steadily expanded its properties and the scope of operations. Of even greater significance, perhaps, is the company's aggressive policy of, so to speak, foreign invasion. Alliances were formed with Vickers, Ltd., in England and the Stinnes interests in Germany last year. In addition, 27,372 shares of stock were sold to shareholders at $33 a share to permit acquisition of the Societe Anonyme des Foyers Automatiques of France and Raymond Brothers, Impact Pulverizer Company of Chicago. There is also a Canadian subsidiary.

The foreign affiliations would seem to hold promise for material expansion in gross and net revenues with prospects of ultimately running domestic business a close second. The company is constantly expending sums in the development of new processes and for that reason a conservative dividend policy will probably be maintained until earning power is fully established.

The extent to which the market for low-grade fuel burning devices is growing is reflected in the company's record of net profits. Thus, in 1921, net available for dividends totaled $596,990 while last year earnings had mounted to 1.05 million dollars. International's most recent departure is the development of a process for low temperature distillation of coal.

Obviously, the stock at 44 is not to be measured by the standard of immediate income return since the $2 dividend means a yield of but 4.6%. Rather, it is classed as a long pull speculation.

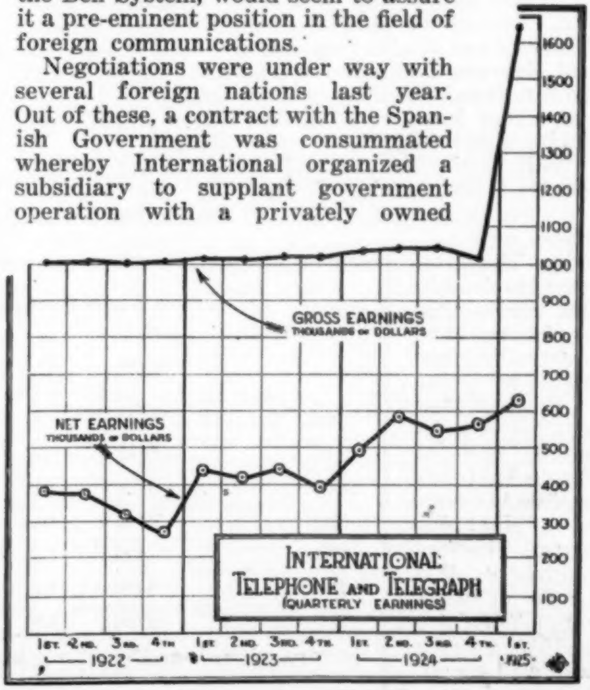
INTERNATIONAL TELEPHONE AND TELEGRAPH

UNDER its charter, granted by the State of Maryland, in 1920, International Telephone is empowered to carry on a general telephone, telegraph, cable and wireless business in practically all quarters of the globe. The company has been on a paying basis since its inception by virtue of the fact that it immediately took over control of the local and long distance telephone services in Cuba and Porto Rico. The operating companies in these islands were already well established, going concerns.

The company's engineering staff is composed largely of members drawn from the American profession. Although the American Telephone and Telegraph Co. has no financial connection with International, the two companies jointly control the Cuban-American Telephone and Telegraph Co. which operates a cable system between Havana and Key West. International Western Electric Co. a subsidiary of the American Telephone controlled Western Electric Co. operates in close co-operation with International Telephone in foreign fields.

The cordial relations between the new company and the old established American enterprise, together with the fact that International's financial and operating policies are patterned after those of the Bell System, would seem to assure it a pre-eminent position in the field of foreign communications.

Negotiations were under way with several foreign nations last year. Out of these, a contract with the Spanish Government was consummated whereby International organized a subsidiary to supplant government operation with a privately owned



system based upon the best American practice. The Spanish company started operations with about 70,000 telephones and gross annual revenues established around 4 million dollars annually.

The foothold gained by successful conclusion of this Spanish contract should place the company in a more favorable position to conclude negotiations in other countries.

Recently International Telephone acquired an interest in the Compagnie Thompson-Houston which installs automatic telephones for the French Government. Its activities are being extended in Mexico where the Mexican Telephone & Telegraph Co. is understood to be developing an automatic telephone system.

Net earnings from operations last year amounted to $11.18 a share for the capital stock compared with $7 a share in 1921. Adding income from other sources, net for 1924 amounted to $18.11 a share, more than three times the current $6 dividend. Continued improvement in earning power is shown by first quarter earnings in the current year when net profits were equivalent to $3.06 a share, after interest and dividends on subsidiary company preferred shares. *The company's shares are to be measured less by the attractiveness of current return, which at recent prices around 116 is but 5.2%, than by the possibilities for future expansion. These are evidently limited only by the management's ability to secure new contracts.*

FOUNDATION COMPANY

STARTING with an initial capital of but $25,000 twenty-three years ago, Foundation has built up a business capitalized at 5.4 million dollars and international in scope by virtue of sound management. The company formerly specialized in foundation work in Lower Manhattan but the high quality of its work and engineering staff have given it an enviable reputation in foreign countries as well.

Directly or through subsidiaries, it has conducted large construction jobs and is now aggressively pushing negotiations for new contracts abroad. To facilitate operations, engineering corps are maintained in leading cities in the United States and other nations. The Canadian business is handled by The Foundation Company, Ltd., of Canada. The company also controls Foundations of France and The Foundation Company, Ltd., of England.

Operations of the company comprise general engineering and construction jobs, including underground work of all kinds, construction of industrial and power plants, utility developments, railroad terminals, harbor and river improvements and the like. Among the completed operations credited to this company are the foundation work for the Federal Reserve Bank, the Woolworth Building and the Municipal Building in New York City, bridges over every large river in the United States and sundry other important undertakings.

While activities are still being pushed in this country, the foreign branch of the business promises to equal if not exceed that in the United States eventually. The usual risks involved in the contracting business are practically eliminated by virtue of the fact that approximately 90% of Foundation's business is done on a cost plus basis. The fees realized on this type of work range from 8% to 15% gross and after allowance for expenses, and charges, the average return comes to roughly 4% available for dividends.

The company was handicapped in the earlier years of its existence by the lack of financial backing. In more recent times, however, it has been able to take advantage of conditions and assume large contracts by reason of its strong financial position. Earnings during the war period were unusually high and immediately thereafter suffered a slump. Thus, gross dropped from around 58 million dollars in 1918 to 9.2 millions in 1922 but in the next two years, operations again began to expand. The business booked so far this year would indicate that the current twelve months should show material improvement over 1924 when the company reported net earnings of $13.44 a share for the common stock.

Among late additions to orders were contracts for a steam power plant for the Toho Electric Co. in Japan and foundation work for a large hotel at Sarasota, Florida. These are exclusive of 11 million dollars of new business contracted for since the beginning of the year. Activities of the company now cover fourteen countries in each of which operations are yielding profits.

Foundation is free of funded debt except for $409,000 real estate mortgages and now has but one class of stock—common shares—outstanding. The preferred stock was retired through redemption and conversion into common last year. Financial position was materially strengthened by the sale of 15,000 additional common stock to shareholders. This brought the total number of shares outstanding to 90,000 on which dividends are being paid at the rate of $8 a share.

At recent prices around 117, the stock offers a return of 6.8% which is a not unattractive yield for a speculative issue apparently having the long range prospects possessed by Foundation Company.

Foundation Company

	Gross Business	Gross Income	Working Capital	Total Capitalization	Earned $ per share	Div. on com.
	(In millions of dollars)					
1918	58.09	1.89	0.16	0.44	46.42	10
1919	20.02	2.23	0.69	0.80	48.95	17
1920	19.10	1.72	0.88	0.80	12.21	*9
1921	19.11	1.46	0.62	0.80	16.04	7
1922	9.25	1.08	1.21	2.36	7.72	6
1923	18 00	1.35	1.07	2.70	10.93	6
1924	23.00	1.99	2.34	4.39	13.45	6

Present Div. Rate $8. * Also 25% in stock.

Remington Typewriter Co.

Remington's Return to Prosperity

Its New and Efficient Management—Increase of Earnings — Rise of the Stock Explained

REMINGTON Typewriter Company is a good illustration of the value of an aggressive and efficient management in connection with the conduct of the affairs of an industrial corporation. Years ago, Remington was the unquestioned leader in its field but "old-fashioned" management failed to keep abreast of the times, and other companies with more modern methods cut heavily into Remington's business.

In 1922, a group of stockholders who were dissatisfied with the manner in which the company's affairs were conducted, formed a committee and in the Fall of that year were successful in bringing about a change which resulted in the election of B. L. Winchell as president.

Under Mr. Winchell's guidance, there has been a consistent growth in earning power as indicated by the accompanying graph. Instead of being a follower and imitator of new developments in the typewriter industry, Remington has become a leader in introducing improvements in typewriter and accounting machine models.

Remington Typewriter Company

BALANCE SHEET

ASSETS—	1924
Real estate, Mach., etc., less depreciation	$ 2,983,095
Good-will, etc.	14,023,555
Insurance fund	360,322
Prepayments	46,593
CURRENT ASSETS—	
Cash	2,074,731
Accounts receivable	4,870,762
Securities in treasury	....
U. S. obligations—liberty bonds and certificates of indebtedness	....
Inventories	5,283,789
Total current assets	$12,229,282
Total assets	$29,642,847
LIABILITIES—	
1st preferred stock	5,210,400
2nd preferred stock	4,994,000
Common stock	9,996,000
Funded debt	....
Securities of subsidiaries	....
Reserves	1,710,557
Profit and loss surplus	5,882,952
CURRENT LIABILITIES—	
Notes payable	....
Accounts payable	809,047
Accrued interest	....
U. S. and foreign taxes	951,387
Dividends payable	88,504
Total current liabilities	$1,848,938
Total liabilities	$29,642,847
Net working capital	$10,380,344

Control of Remington-Noiseless

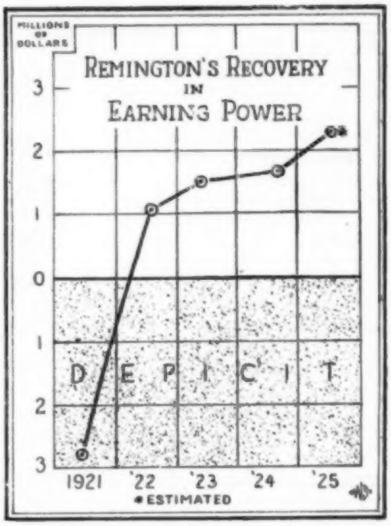
Early in 1924, Remington acquired control of the Remington-Noiseless Typewriter Corporation through ownership of 51% of the stock. This stock cost the Remington Company nothing in cash or securities, the 51% having been given in return for the rights of the Noiseless Company to have all the Remington sales offices become joint sales office for both Remington and Noiseless products with the cost of maintenance and operations pro-rated between the two. This year, the Noiseless Company brought out a new standard keyboard noiseless machine, which the trade believes is superior to any product of its kind now on the market. This machine in speed and general operating efficiency, it is understood, compares favorably with other typewriters on the market and in view of the noiseless feature seems sure to meet favor with the public. The Noiseless factory is several months behind in orders and the factory capacity is to be increased.

Remington Typewriter carries on its books its holdings of 65,000 shares of Remington-Noiseless common at $1. The stock is now selling on the New York Curb at around $44 a share which gives a valuation to these shares of $2,860,000, equivalent to $28 a share on Remington Typewriter common stock.

Remington's business is world-wide in scope with offices in every country in the world. Typewriters are manufactured with 88 different keyboards for as many languages. Its foreign business is showing substantial improvement.

Despite the fact that sales of the Noiseless Typewriter will not make an important contribution to Remington's earnings this year, operations for the first five months indicate that there will be a substantial improvement over the $9.45 a share earned in 1924. In fact it would not be surprising if earnings reached as high as $12-$15 a share.

Capitalization consists of 5.2 millions 7% first preferred stock, 4.9 millions 8% second preferred stock and 10 million of common stock, all of a par value of $100. There is no funded debt or bank loans outstanding.



Balance sheet as of September 30, 1924, discloses a strong financial condition, with current assets of 11.2 millions compared with current liabilities of 1.8 million, a ratio of nearly 7 to 1. Included in current assets was 2 millions in cash.

Outlook for Stock

In addition to the regular dividend on the preferred issues, Remington so far this year has declared 10% in back dividends on the preferred stock, leaving only 4% accrued payments to be cleared up before the way will be open for the resumption of dividends on the common shares.

One of the most interesting features of the Remington situation is the relatively small amount of common stock, 100,000 shares. With back dividends on the preferred issues nearly all cleaned up, increased earning power will all accrue to the benefit of the common shareholders. With a capable management, a strong balance sheet and new products that are meeting with popular favor, the probabilities are that the company will develop a considerably larger earning power than at present, and in view of the relatively small amount of common stock outstanding a very high earning power per share may be shown.

Although the present price level of around 75 represents an advance of nearly 30 points this year, the stock has by no means exhausted its possibilities and can be regarded as a promising long pull speculation.

Equipments Headed for Depression?

A Searching Inquiry Into the Position of the Industry and Six of the Leading Companies

By JOHN MORROW

Comparison of Leading Railway Equipment Companies

	Per Share Earnings 1924	Total Earnings 1919-1923	Current Div. Rate	P. & L. Surplus Gain 1918-1924	Change in Capital Since 1918	Range Common Past Year H.	L.	Recent Price
Amer. Loco..................	$9.80	$79.00	*$8	$7,500,000	None	144⅞	71	122
Baldwin	Def.	102.00	7	16,400,000	None	146	106	112
Lima	7.10	21.75	4	(A) 2,800,000	A. +$1,400,000	74⅜	56	64
Amer. Car & Foundry......(B)	7.50	91.85	6	8,000,000	None	(C) 111½	78	104
Pressed Steel Car..............	2.43	35.25	None	1,500,000	+$6,000,000	69	39	51
Railway Steel Spring..........	6.64	67.58	8	3,600,000	None	141¼	106	130

*Extra of $10 in cash. (A)—Since 1920. (B)—Estimated for fiscal year ended April 30, 1925. (C)—In terms of no par stock. + Indicates increase.

PERHAPS no group of industrial companies, whose shares find an active market, has shown itself to be so strong in liquid resources as the equipment group. Practically all the leading companies making rolling stock and motive power for the railroads made large profits during the war, conserved them and then benefited largely when the railroads began to buy heavily in 1923 to replace equipment depleted and run down by the heavy strain of the war period. The equipment stocks have been "bulled" for almost two years and one of the big factors working to advance the market prices of their securities has been the knowledge of their tremendously strong treasury positions.

According to the American Railway Association, the railroads will spend $750,000,000 this year on equipment compared with $875,000,000 in 1924 and over $1,000,000,000 in 1923. In April, unfilled orders for freight cars amounted to 46,000 cars against almost 70,000 a year ago. Unfilled orders for locomotives in April totaled 315 against 520 a year ago. While repair business is an item, it is not an earning asset which makes or breaks an equipment company or which has much influence in determining the trend of securities prices.

Since the first of the year the leading equipment companies, according to apparently well based reports, have not been profitably engaged and evidence of an early renewal of active buying on the part of the railroads is lacking. It is and has been the prime aim of railroad managements to make the most of what they have and to increase performance of individual units. They have been successful to a substantial extent and it is to be doubted that railroad operators are contemplating the resumption of equipment buying which will alter the present estimate of total expenditures this year.

The equipment market now favors the buyer. He is able to make prices at levels considerably under those of two years ago, which should indicate lower margin of profit for the manufacturing companies on a smaller amount of business than was in sight last year or the year before.

Herewith is a short synopsis of the leading individual equipment companies with some individual recommendations.

AMERICAN LOCOMOTIVE Toward the close of 1924, it began to be the fashion to refer to the American Locomotive Company as a "banking institution" as well as a manufacturer of locomotives. This was on account of the tremendously strong treasury position—a position which had almost reached the point where the company was actually suffering the embarrassment of riches. The extra declaration of $10 a share in cash, payable in four quarterly instalments, two of which have been paid, was the result of the big treasury accumulations. It was anticipated by an advance in the common shares from the neighborhood of 80 in the fall of 1924 to a high of 144⅞ in the spring of 1925. At the end of 1924, the company had an excess of current assets over current liabilities of 48.7 millions, and of current assets, cash and Government securities totaled 26 millions. It has been on this great accumulation of liquid resources that most of the speculation in American Locomotive common has been based, that is, most of the speculation which dates back to the fall of 1924 when the stock was in the process of accumulation. The writer thinks that from 130 up, American Locomotive common was distributed by those who had been fortunate enough to foresee the climax of the big treasury position.

Purely from an operating phase, the picture is not so rosy. It is estimated that in the first quarter of 1925, net earnings were insufficient to cover preferred dividends.

Reasons underlying a recommendation not to buy American Locomotive common at current prices are based (1) upon current unsatisfactory earnings (2) upon the idea that directors are not likely next year to declare another cash extra dividend, particularly if operating conditions do not improve substantially; and (3) on the fact that the great rise which has taken place in the common stock is the realization of something that has happened, not anticipation of some great favorable development that is going to happen.

American Locomotive is a strong company, a well managed company, a conservative company and the common stock is by no means a speculative football. *The regular dividend of $8 a share appears to be well secured, but the speculative urge is out of the situation and it seems as if there will be during the coming months more stress laid upon actual operating conditions*

than upon financial conditions, and operating conditions do not show signs of furnishing bullish ammunition. The stock in other words is not attractive at current prices.

BALDWIN LOCOMOTIVE Every time the advice is given to go short of Baldwin, and incidentally it is one of the favorite speculative sales, the admonition is likely to be advanced that the backlog of Philadelphia real estate values may confound at any time the ideas of those who think that the stock is too high. There has been a great deal of discussion pro and con about the sale of the company's properties in the heart of Philadelphia and the removal of all operations to Eddystone. The discussions, however, have been unofficial.

The value of Baldwin's Philadelphia real estate holdings is undoubtedly very large, and undoubtedly shows enormous appreciation over cost, but at this time it seems not altogether reasonable to rely entirely upon this appreciation of fixed asset as a reason for taking a position in the stock. In 1924, Baldwin did not quite earn preferred dividends. That year was the poorest of the past ten, and it is not likely that Baldwin is now operating at much more than 35 per cent or 40 per cent, and earnings upon the common shares certainly cannot be particularly satisfactory. President Vauclain some weeks ago very properly broke the Diesel engine speculative fantastical bubble when he declared that this engine was highly experimental and that developments had not reached the stage where it could be manufactured and sold to the railroads in quantity at moderate prices.

Baldwin's position is similar to that of American Locomotive, but last year American Locomotive made a much better relative showing than Baldwin. Bears on Baldwin advance the uncertainty of the foreign bond holdings. The writer thinks that this argument at the present time is aside from the main point and there is nothing to show that these Government obligations will not be liquidated as per schedule and agreement.

The reserve for the common dividend of $7 per share has been set aside for the 1925 payments, and at the present writing Baldwin returns about 6 per cent. This seems fair enough, but hardly a reason for buying the stock in view of the very quiet conditions in the locomotive industry.

A switch from Baldwin to Atchison common, paying dividends at the rate of $7 a share, or to Illinois Central common, also paying dividends at the rate of $7 a share, would seem advisable.

LIMA LOCOMOTIVE Lima Locomotive is a smaller company than either Baldwin or American Locomotive, but has a profitable side line in the manufacture of small industrial engines to supplement the manufacture of larger railway engines. The company is excellently managed on a most conservative basis with financial structure consisting of only 211,000 shares of capital stock. There is no funded debt or preferred. Since 1922, the dividend rate per share has been $4—adequately protected by earnings. At the end of 1924, cash position was excellent, total current liabilities of about one and one quarter millions being generously offset by cash and Liberty bonds of almost five millions. This is pointed out to indicate the ability of the management to continue dividends at the current rate even should the depression in the equipment industry extend through the rest of 1925 without substantial relief.

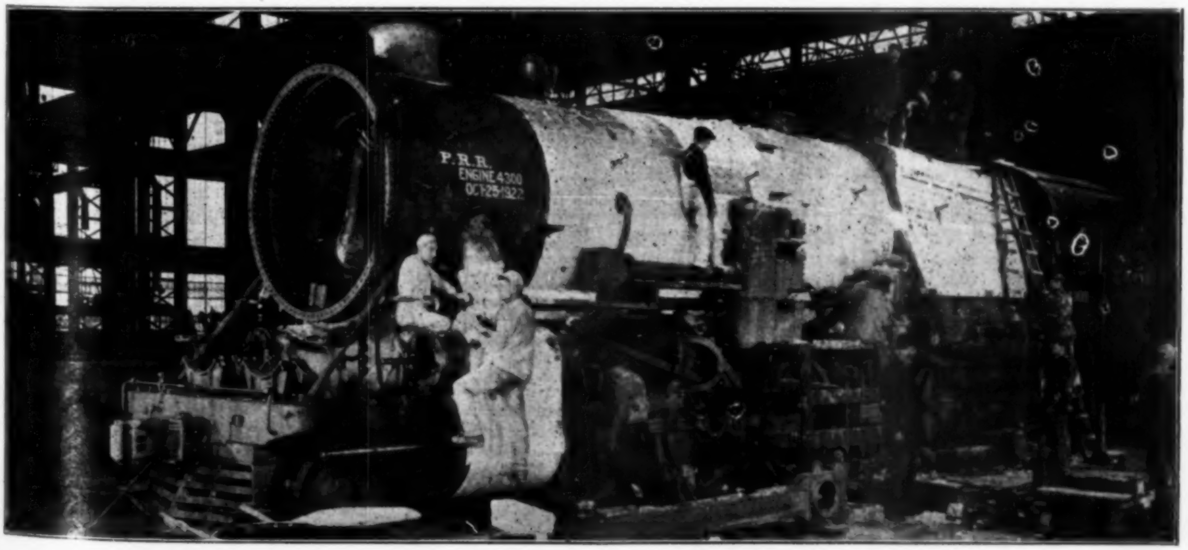
From time to time there have been rumors that Lima Locomotive would be consolidated with one of the larger equipment companies, but the Lima management has shown no signs of taking the initiative and appears to be perfectly satisfied with existing conditions.

The shares of Lima Locomotive for the past year and a half have not participated in speculative activity to the same extent as American Locomotive or Baldwin, for example, and fluctuations in them generally have appeared to be a reflection of the activity in the other equipment stocks rather than the result of individual movement. The extreme range last year was between 71 and 56 and the range so far in 1925 has been between 61 and 74.

From a speculative standpoint, Lima shares are quite in a neutral position. The $4 dividend rate appears safe, the current income return is something over 6 per cent and from that standpoint the shares make a moderate appeal. *They are not on a highly inflated basis, not in a weak technical speculative position, but at the same time it is not to be expected that they will stand out against the general trend of the equipments and be immune from market influences which affect the group as a unit.*

RAILWAY STEEL SPRING Railway Steel Spring Company manufactures steel springs for cars and locomotives, steel tired car wheels, steel bars, steel tires and other miscellaneous equipment for railroad rolling stock and motive power. Since 1918, the common shares, which are preceded by $13,500,000 7 per cent preferred, have paid dividends at the annual rate of $8 a share. In two of these six years, earnings have not covered dividend requirements, but the surplus in the other and better years has been adequate to protect payments in the years when surplus fell below the required amount. In the past ten years, average annual earnings upon the common stock have been almost $15 a share. As a result of war profits, funded debt was eliminated, so that present capital structure is comparatively simple.

Financial position at the end of 1924 was strong, total current assets of



Building a Modern Locomotive in the Baldwin Works

$5,358,000 comparing with $787,000 current liabilities. Cash on hand was in excess of a full year's dividend requirement upon the common stock.

If the equipment business generally in 1925 had continued to show the substantial improvement of 1924 it might have developed that Railway Steel Spring would have retired the preferred stock, but in view of the general quiet which prevails in the equipment business it is doubtful that the management would currently contemplate any such plan as this. From an income standpoint the common stock is selling about in line with other equipments, but speculatively it is a quiet stock, rather closely held, and not an issue which ordinarily is carried in any large amounts in commission houses. The present position of the shares is negative rather than positive and, if the expression may be used without implying criticism, the immediate outlook appears colorless. Naturally, the common shares must be regarded as a speculation rather than an investment and treated as such they are likely to be influenced by the general trend of the equipment shares. *Without anticipating violent fluctuations in market movements the conservative policy warrants their disposal as the market affords opportunity, but there is no urgent necessity for sacrificing them.*

WATCH THE NEXT ISSUE FOR OUR ANNUAL PUBLIC UTILITY NUMBER. IT WILL CONTAIN REFERENCES TO MANY OF THE MOST IMPORTANT SECURITIES IN THE FIELD.

PRESSED STEEL CAR Unlike most of the equipments Pressed Steel Car has had dividend troubles during the past two years. After paying preferred dividends without interruption for almost 25 years, payments were suspended in the middle of 1924, but in January, 1925, the accumulations were cleared up through the declaration of three quarterly dividends.

According to official statement the temporary suspension of preferred payments arose from doubt as to whether payments on the preferred stock should be paid currently or after actual earnings for the year have been determined. Upon advice of counsel this last course was adopted.

After paying dividends upon the common stock from 1916, payments were suspended in 1922, resumed in the last part of 1923 and suspended again in 1924. At the time of suspension the annual rate was $4. Earnings of Pressed Steel Car Company were satisfactory enough during the war period, but since 1920 have been strikingly unsatisfactory when general conditions in the equipment industry are considered. The company is one of the largest builders of passenger and freight cars, but judging from remarks in the last annual statement the management has been having trouble with margin of profit. The statement was made that the percentage of profit was much less in 1924 than it should have been, considering capital investment and risk involved. Close competition is one of the reasons given for the small margin of profit, and according to the best indications this condition cannot have been relieved to any great extent so far this year. However, the outlook was somewhat better at the end of 1924 and at the beginning of 1925 than it was a year previous. There is nothing at present to show that the resumption of payments upon the junior stock is designed for the near future. Trend of the shares during the past several weeks has been slowly downward, no definite sustained liquidation but a gradual drifting down on a small turnover.

It is suggested to holders of Pressed Steel Car common that they switch to Montgomery Ward common, where there appears to be a definite speculative impulse in continued increases in the volume of business, which stand a fair chance of being augmented when Montgomery Ward enters the eastern seaboard field later this year. In short, the trend of earnings of Montgomery Ward is upward, consistently so, while trend of earnings of Pressed Steel Car seems at best, negative. Both stock issues are quoted in the market at approximately the same price which naturally would facilitate the switch.

AMERICAN CAR & FOUNDRY American Car & Foundry Company is featured by its strong treasury position, by the three years' dividend reserve and by the company's reported large investment in the stock of the American Locomotive Company. It might be that speculative imagination could be stirred up by this American Locomotive investment, particularly if there should be any reason to believe that the American Car & Foundry management contemplates distribution of the stock to its shareholders, but as yet there is nothing at all in this direction.

Recently the shares were split up two for one, so that there are now outstanding 600,000 shares of common stock paying dividends at the rate of $6, against 300,000 shares of common stock on which dividends were at the rate of $12. In the fiscal year ended April 30, 1925, estimated earnings were about $7.50 or $8.00 a share upon the present outstanding common share capital. This last fiscal year was the best year the company has had since 1921, and while there is no well founded belief to the effect that the cash dividend on the common stock will be increased, there do appear to be speculative possibilities in American Car & Foundry's so-called hidden equities. American Car & Foundry Securities Company was formed early in 1925 to manage the security investments which principally consist of the American Locomotive stock and 70,000 shares of Cuba Company stock, which controls the Cuba Railroad. There is also an export subsidiary which is supposed to have net quick assets of at least $2,500,000. The hope for extra distributions on American Car & Foundry common appears to lie in these assets and not in direct operating income of the parent company. These assets also are an important factor in keeping the common stock at a market price level where the direct income return is less than 6%. There is no doubt of the solidity of American Car & Foundry, little doubt of the exceptionally sound values back of the common stock. *From a comparative standpoint, the shares are likely to be less affected by unfavorable developments in the equipment industry than the shares of most of the other manufacturers and this is shown by its relative stability.*

Six Railway Equipment Stocks Compared

	Earned per share common 1924	Div.	Recent Price	Yield	Earned on recent market price
Amer. Loco.	$9.80	$8†	122	7.1%†	8.0%
Baldwin	Def	7	112	6.2	None
Lima	7.10	4	64	6.2	11.0
Amer. Car & Foundry	7.50*	6	104	5.7	7.2
Pressed Steel Car	2.43	..	51	..	4.6
Railway Steel Spring	6.64	8	130	6.1	5.0

*Est. Based on new stock
†Not including $10 extra

INTERNATIONAL PAPER COMPANY

(*Continued from page 411*)

of $48,923,744. The total par value of stock issues has been increased from 45 millions to $55,369,950. Upon completion of the plan of acquisition, stock capitalization will consist of $30,369,950 of 7% Cumulative Preferred Stock and 25 millions of $100 par value Common Stock.

Through the issuance of additional securities, an excellent financial condition has been secured. As of December 31, 1924, current assets totaled $35,632,527 compared with current liabilities of but $4,449,284 which is in the ratio of 8 to 1. There were no bank loans.

Due to the great change in capitalization and plant operations within recent months, the past earnings record of this company is not of great significance. While large profits were earned on the common during the war and post-war periods, recent earnings have not been very satisfactory. Deficits were shown after payment of fixed charges, in 1921 and 1922. In 1923, however, the company was able to show more than $11 per share earned on its Common Stock then outstanding.

Earnings for 1924 were substantially smaller than in the previous year and, figured on the present basis of capitalization, were not especially good. International earned $3,470,000 in 1924, after depreciation allowance but before fixed charges. Earnings from the Riordon properties which were then operated separately, amounted to slightly over $1,800,000 in 1924, before deducting depreciation, depletion and interest. With a normal allowance made for depreciation and depletion, there was nothing available for payment of fixed charges from this source. Therefore, computing 1924 earnings on the basis of present capitalization, it is necessary to figure approximately $3,470,000 as available for present fixed charges and dividend requirements.

On the basis of capitalization indicated above, fixed charges amount to more than $2,700,000 and Preferred dividends amount to more than $2,100,000 annually. Thus, total requirements of over $4,800,000 compare with available income of but $3,470,000 if normal allowance is made for depreciation and depletion on both the old and newly acquired properties.

Present operations indicate no increase in earning power during 1925 and, for several years to come, the company will have to make improvements and additions to its plants and facilities which should prevent payments on the common even though earnings increase materially. *At around 65 the stock appears high enough for the time being though it has undoubted long-pull possibilities. Both bond and preferred issues are sound from an investment viewpoint.*

Preferred Stocks

AS indicated elsewhere, the present levels of bond prices, returning comparatively low yields, has had the effect of forcing some investment funds which would otherwise be placed in bonds into preferred stocks and this section of the market has remained uniformly strong, in spite of the recession in common stock quotations. Strength was shown by a number of individual issues, such as General Motors, Famous Players Lasky Corporation, Loose-Wiles Company first preferred, Armour & Company of Delaware, Metropolitan Edison, American Beet Sugar and American & Foreign Power preferred, which enjoyed advances ranging from two to five points. Rails were quiet, with few changes, moving generally to fractionally lower levels.

As during the past two weeks, industrials and public utilities showed the stronger tone. In spite of the general strength in the preferred share market, there are a number of issues still selling at attractive prices, as will be observed from the list given below. It will be observed that a surprising number yield between 6-7%.

PREFERRED STOCK GUIDE

(LISTED IN ORDER OF PREFERENCE)

These Stocks Are Selected as Offering Best Opportunities in Their Respective Classes, Taking Into Consideration Assets, Earnings and Financial Condition of the Companies Named.

SOUND INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
INDUSTRIALS:				
General Motors Corp. ....(c)....	7	110	6.4	(y) 5.1
Cluett-Peabody & Co. ....(c)....	7	106	6.6	3.5
Loose-Wiles Biscuit Co. 1st....(c)....	7	110	6.4	2.5
Studebaker Corporation ....(c)....	7	117	6.0	20.0
Schulte Retail Stores Corp....(c)....	8	111	7.2	(w) 10.0
Gimbel Brothers, Inc. ....(c)....	7	105	6.7	3.3
Baldwin Locomotive Works ....(c)....	7	111	6.3	3.2
Endicott-Johnson Corp. ....(c)....	7	113	6.1	4.5
American Smelting & Ref. Co....(c)....	7	109	6.4	1.7
American Steel Foundries ....(c)....	7	111	6.3	6.7
U. S. Industrial Alcohol Co....(c)....	7	114	6.1	5.2
Associated Dry Goods Co. 1st....(c)....	6	100	6.0	4.0
PUBLIC UTILITIES:				
North American Co. ....(c)....	3	49	6.1	(w) 6.9
Philadelphia Company ....(c)....	3	48	6.2	5.6
RAILROADS:				
Chicago & Northwestern ....(c)....	7	108	6.5	....
New York, Chicago & St. Louis....(c)....	6	92	6.5	(y) 3.7
Chesapeake & Ohio conv....(c)....	6.50	108¼	6.0	9.0

MIDDLE GRADE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
INDUSTRIALS:				
Bush Terminal Buildings Co....(c)....	7	101	6.9	1.1
Brown Shoe Co. ....(c)....	7	104	6.7	3.9
Cuban-American Sugar Co. ....(c)....	7	97	7.2	7.5
American Ice Company ....(n-c)....	6	82	7.3	2.0
Armour & Co. of Del....(c)....	7	98	7.1	(w) 2.3
Allis-Chalmers Mfg. Co. ....(c)....	7	108	6.4	2.5
Genl. American Tank Car Co....(c)....	7	97	7.2	4.0
Natl. Cloak & Suit Co. ....(c)....	7	102	6.8	4.5
PUBLIC UTILITIES:				
Radio Corp. of America A pfd....(c)....	3.50	50	7.0	(w) 3.5
Amer. W. Wks. & Elec. Corp. 1st....(c)....	7	101	6.9	2.8
Metropolitan Edison ....(c)....	7	105	6.7	(w) 2.3
Public Service of N. J. ....(c)....	8	113½	7.1	3.4
RAILROADS:				
Baltimore & Ohio ....(n-c)....	4	64	6.2	(y) 4.75
Bangor & Aroostook ....(c)....	7	91	7.6	2.5
Colorado & Southern 1st pfd....(n-c)....	4	62	6.5	7.5

SEMI-SPECULATIVE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
INDUSTRIALS:				
Famous Players-Lasky Corp. ....(c)....	8	116	6.9	(y) 6.5
Pure Oil Co. conv. pfd. ....(c)....	8	106	7.5	4.2
American Beet Sugar Co. ....(c)....	7	88	8.0	1.5
National Department Stores....(c)....	7	99	7.0	4.0
Austin Nichols & Co.	7	90	7.8	1.8
Worthington Pump & Mfg. "A"....(c)....	7	82	8.6	2.0
Orpheum Circuit ....(c)....	8	101	7.9	(w) 3.2
International Paper Co. ....(c)....	7	90	7.7	1.75
PUBLIC UTILITIES:				
American & Foreign Power Corp....(c)....	7	92	7.6	(w) 2.0
Hudson & Manhattan Ry....(n-c)....	5	70½	7.0	(x) 3.6

SPECULATIVE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
RAILROADS:				
Chicago, Rock Island & Pac....(5-7%)....	7	94	7.5	(x) 1.35
Gulf, Mobile & Northern....(c)....	6	96	6.2	(x) 1.3
Western Pacific ....(c)....	6	91	6.5	(x) 1.0

(c) Cumulative. (n.c.) Non-Cumulative.
(w) Average for last two years.
(x) Average for last three years.
(y) Average for last four years.
† Average number times earned last five years.

Industrial *Public Utility* *Oil* *Mining*

Investors' Indicator

Current Earnings—Dividends—Working Capital

Industrials—	Dollars Earned Per Share 1923	1924	1st 3 Months 1925	†Present Div. Rate ($)	Recent Price	Yield (%)	¶ Ratio of Current Assets to Current Liabilities
Air Reduction	12.31	8.56	2.70	4	101	4.0	6½ to 1
Ajax Rubber	def.	1.56	..	..	14	..	4 to 1
Allis-Chalmers	6.00	8.01	2.17	6	81	7.4	5¾ to 1
Amer. Bosch	0.97	0.77	0.54	..	34	..	2½ to 1
Amer. Hide & Leath. Pfd	def.	4.28	2.25	..	70	..	3⅓ to 1
Amer. La France	1.75	1.71	0.26	1	13	7.6	9 to 1
Amer. Locomotive	21.25	9.80	..	t8	112	7.1	10⅓ to 1
Amer. Steel Foundries	9.70	5.75	1.70	3	38	7.9	6¾ to 1
Bethlehem Steel	5.57	2.56	1.66	..	38	..	5¼ to 1
Butterick	3.90	3.60	..	..	18	..	2 to 1
Central Leather	def.	def.	q	..	17	..	19⅓ to 1
Chandler Motor	7.34	4.81	..	3	35	8.6	3¼ to 1
Cluett, Peabody	14.15	6.94	..	5	60	8.3	15¼ to 1
Coca-Cola	7.65	10.00	2.80	7	116	6.0	4¼ to 1
Colo. Fuel & Iron	1.67	1.05	1.54	..	39	..	3⅓ to 1
Corn Products	k4.39	k3.61	0.53	2	34	5.9	12 to 1
du Pont de Nemours	13.93	12.45	..	10	177	5.6	11¾ to 1
Endicott-Johnson	7.95	8.04	..	5	67	7.5	3 to 1
Famous Players	14.98	20.08	..	8	103	7.8	m3¾ to 1
Gen. Motors	k10.64	7.37	3.08	6	80	7.5	4⅓ to 1
Goodrich, B. F.	0.80	10.57	..	..	51	..	12¾ to 1
Goodyear Tire Pfd	7.58	16.92	..	7	101	7.0	8¾ to 1
Gulf States Steel	12.78	7.48	2.88	5	80	6.3	8¾ to 1
Hayes Wheel	6.60	3.16	1.00	3	38	7.9	5¾ to 1
Hudson Motor	m6.66	m6.11	h2.90	3	63	4.8	m2⅓ to 1
Lee Rubber & Tire	def.	def.	0.02	..	14	..	2 to 1
Mack Truck	20.71	17.95	4.33	6	176	3.4	9⅓ to 1
Otis Elevator	k9.11	k11.69	3.27	6	114	5.3	7¾ to 1
Owens Bottle	4.47	4.72	1.20	3	47	6.4	7⅔ to 1
Pierce Arrow Pfd	2.78	6.25	1.68	..	77	..	3⅓ to 1
Postum Cereal	6.31	9.44	2.57	4	116	3.5	5⅓ to 1
Remington Type	8.39	9.34	..	..	73	..	6⅔ to 1
Republic Iron & Steel	15.00	0.55	1.25	..	44	..	5¼ to 1
Sloss-Sheffield	20.22	10.47	3.00	6	83	7.2	1¼ to 1
Spicer Manufacturing	2.66	2.32	0.81	..	20	..	2½ to 1
Stewart Warner	14.16	7.37	2.17	5	66	7.6	6⅔ to 1
Stromberg Carb	11.62	7.02	2.00	6	67	9.0	7 to 1
Studebaker	k9.22	k7.03	1.85	4	46	8.7	3 to 1
Timken Roller Bear	6.74	4.83	..	a3	41	7.3	9⅓ to 1
United Drug	8.46	10.93	2.13	6	123	4.8	6⅓ to 1
U. S. Rubber	2.28	3.87	..	..	46	..	2⅔ to 1
U. S. Steel	16.43	11.76	2.93	d7	114	6.1	4⅓ to 1
Willys-Overland	5.32	0.23	1.23	..	19	..	7⅓ to 1
Youngstown Sheet & Tube	14.93	6.68	3.48	4	64	6.2	5⅓ to 1

Public Utilities—	Dollars Earned Per Share 1923	1924	1st 3 Months 1925	†Present Div. Rate ($)	Recent Price	Yield (%)	¶ Ratio of Current Assets to Current Liabilities
Amer. Tel. & Tel	11.35	11.31	2.91	9	142	6.3	1⅛ to 1
Brooklyn Edison	13.07	11.81	..	8	135	5.9	1¾ to 1
Brooklyn Union	9.33	9.14	..	4	87	4.6	2¾ to 1
Columbia Gas	3.70	4.41	1.67	2.60	64	3.7	1¾ to 1
Consolidated Gas	7.77	7.48	..	5	86	5.8	1¾ to 1
Detroit Edison	11.85	9.97	4.06	8	123	6.5	1⅓ to 1
Hudson & Man	2.73	3.33	0.97	2.50	31	8.0	1 to 1
Int. Tel. & Tel	8.40	18.11	3.06	6	117	5.1	1⅓ to 1
Laclede Gas	15.29	15.35	..	8	157	5.0	1 to 1
Montana Power	4.80	4.49	1.73	4	82	4.8	1⅓ to 1
North American	3.11	3.24	0.51	3.40	48	7.0	2¾ to 1
Pacific Gas & Elec	10.25	8.83	2.98	8	115	7.0	2⅛ to 1
Peoples Gas	10.91	11.10	..	8	117	6.8	1¼ to 1
Philadelphia Co.	7.47	5.91	1.73	4	58	6.9	4⅔ to 1
Pub. Service of N. J	5.69	6.57	1.21	5	68	7.4	1⅛ to 1
Standard Gas & Elec	7.75	6.61	..	3	52	5.8	j
Western Union	11.63	12.36	3.21	7	131	5.3	1 to 1
Oils—							
California Pete	‡k5.09	‡2.46	1.29	1.75	29	6.0	3¾ to 1
Houston Oil	‡3.96	‡3.93	*2.34	..	74	..	5 to 1
Marland Oil	‡1.52	‡0.22	‡2.19	3	43	7.0	9 to 1
Mid-Continent Pete	def.	0.69	*2.55	..	33	..	6 to 1
Pacific Oil	‡2.55	‡3.40	1.16	3	57	5.3	2 to 1
Pan-Amer. B	‡8.09	5.67	..	6	78	7.7	2 to 1
Phillips Pete	‡3.92	‡4.59	*2.32	2	44	4.6	3¾ to 1
Pure Oil	s	s	..	1.50	30	5.0	r 4 to 1
Sinclair Consol	‡def.	‡def.	..	..	22	..	2¾ to 1
Mining—							
Amer. Smelting	8.84	12.60	..	6	102	5.9	4⅓ to 1
Amer. Zinc Pfd	‡def.	‡def.	..	..	28	..	4 to 1
International Nickel	p	p	0.69	..	29	..	12⅓ to 1
Magma Copper	‡def.	‡2.20	‡1.25	3	40	7.5	Net current assets $2,290,000
Nevada Consol.	1.05	0.83	*0.34	..	12	..	7 to 1
Ray Consol.	0.65	**0.31	..	..	12	..	3¼ to 1
Utah Copper	6.44	5.03	**1.92	4	89	4.5	3¾ to 1

* Before depreciation and depletion.
¶ As of December 31, 1924.
† Dividend rate covers regular dividends on yearly basis. ‡ After deducting depletion and depreciation.
a Not including extras.
d Including extra dividends of 50c quarterly.
h For quarter ended Feb. 28, 1925.
j Current liabilities exceed current assets.
k On present outstanding stock.
l As of Sept. 30, 1924.
m Years ended November 30.
p Year ended March 31, 1925, earned $1.43 a share, compared with 40c a share for year ended March 31, 1924.
n As of December 27, 1924.
q Earned $1.73 a share on preferred.
r As of March 31, 1924.
s Year ended March 31, 1925, earned $2.83; this compares with $3.22 earned for years ended March 31, 1924.
t Declared $10 extra; payable quarterly during year 1925.
** Before depletion.

What the News Means

— Timely and plain-spoken interpretations of the important financial happenings of the day —

Business Continues—

—irregular but basically sound. Buying is cautious with retailers still continuing not to anticipate their requirements to the extent of former years. This is probably due to the fact that the general commodity index is still downward. The fact that manufacturers, as well as retailers, are adhering to the policy of carrying as small inventories as possible, prevents the downward trend in prices from creating the havoc which would be the case under dissimilar conditions.

United Cigar Stores'—

—market advance is, doubtless, most agreeable to the company's stockholders, and it cannot be less pleasing to Tobacco Products Corporation, which controls United. What with $4,000,000 bank loans outstanding at the end of 1924 Tobacco Products may find in United's improved market an opportunity to liquidate some of the stock it received from United—perhaps that paid in stock dividends.

Five Billion—

—increase in taxable incomes during 1923 is another indicator of the success cycle in which this country is moving. There were four incomes of $5,000,000 or more and together these four incomes represented a net income of $32,494,629. John D. Rockefeller, Jr., paid a tax of $7,435,169.

Hudson Motor Car—

—is understood to have large profits this year to date as the result of a large volume of business, which in turn resulted from the company's drastic price reductions last year. With Edsel Ford credited with a considerable interest in Hudson, it is but natural that the company should tend to follow the Ford methods more closely.

Curtiss Aeroplane—

—and Motor Co. expects that 1925 will be a big year in commercial aviation. Success of the air mail service and Ford's entry into the game, has resulted in a flood of inquiries. The

(Please turn to page 472)

IMPORTANT CHANGES IN CAPITALIZATION OF LEADING COMPANIES

Actual Changes Reported Since Our Issue of June 6

AMERICAN CHICLE CO.

June 2—Created: new issue of $7 Cum., no par, Prior Preference Stk. ....shs 37,500
Increased: Auth. Com. from 162,500 shs. to 187,500 shs.
Reduced: Capital allocated to no par Com. Stk. to $20 a share.
Reduced: "Good Will" to $5,000,000.
(Thereby converting a Deficit of $2,114,406 into a "Paid-in Surplus" of $1,385,502.)
Ratified sale: of Com. Stk. to management, at $30.........shs 6,900
June 22—Offered: to Com. and/or Pfd. Holders right to subscribe, at $50, to 1 sh. new Com. for each 7¼ shs. held............shs 24,670

AMERICAN EXCHANGE NATIONAL BANK.

July 2—Increased: Auth. Cap. Stk. from $5,000,000 to $7,500,000.

AMERICAN LINSEED CO.

June 6—Sold: 6% coupon Notes, '30-'35.................$6,000,000
(To reduce current liabilities.)

AMERICAN SUMATRA TOBACCO CO.

June 1—Paid: 25% of principal Am't. of outstanding 5-Yr. 7½%, s. f., cv. g. Notes; and 25% of principal Am't. of all other undisputed, liquidated indebtedness.

AMERICAN TELEPHONE & TELEGRAPH CO.

Between Jan. 1 and June 5—31,800 Customers subscribed to Com. Stk., at average price of about $125.

ANN ARBOR R. R.

June 1—Control purchased: by WABASH RY. CO.

BALTIMORE & OHIO R. R. CO. (THE)—Southwestern Division.

July 1—Refunded: 1st mtg. 3½s, '25, with 1st mtg. 5s, '50 $45,000,000

BARNSDALL CORP.

July 1—Redeemed: at 104, Series "A" & "B" cv. 8s, '31, all $5,102,300

CALIFORNIA PACKING CORP.

May 1—Arranged to offer: to Employees, at $75, Add. Com. Stk. shs. 13,200

CALIFORNIA PETROLEUM CORP.

June 23—Offered: to Com. and/or Pfd. Holders right to subscribe, at $27.50, to 527,978 shs. new Com., on basis of 1 sh. for each 2 2/9 shs. Com. held and 1 sh. for each 5/9 sh. Pfd. held.....$13,199,450

CERTAIN-TEED PRODUCTS CORP.

May 1—Sold: to bankers, at about $40, Add. Com. Stk...shs. 40,000

CHESAPEAKE & OHIO RY.

About Apr. 22—Arranged to purchase: the SANDY VALLEY & ELKHORN R. R., for consolidation with its Big Sandy Division, in the coal fields of Eastern Kentucky.

CHILDS CO.

July 1—Paid: to Com. Holders a Div. of 1% in Com. Stk..shs. 3,070

COCA-COLA CO. (THE)

July 1—Retired: at par, 20% of Auth. & Outstanding 7% Pfd. $2,000,000

DAVISON CHEMICAL CO. (THE)

Jan. 10—Sold: privately, at $44, Add. Com. Stk.........shs. 16,300
May 31—Voting trust terminated.

DELAWARE, LACKAWANNA & WESTERN R. R. CO. (See Morris & Essex R. R. Co.)

DETROIT EDISON CO. (THE)

June 1—Sold: Series "B," gen. & rfndg. mtg. 5s, '55.....$8,000,000

DU PONT (E. I.) DE NEMOURS & CO.

June 18—Increased: Auth. Com. from $100,000,000 to $150,000,000.

FEDERAL LIGHT & TRACTION CO.

May 14—Exchanged: $5,784,375 new Com. ($15 par) for 77,125 shs. old Com. (no par), on basis of 5 new for 1 old.
July 1—Paid: to Com. Holders a Div. of 1% in Com. Stk...$57,844

FISHER BODY CORP.

June 23—Abolished: entire Auth. Pfd. Stk. (previously retired) $6,000,000

HACKENSACK WATER CO.

June 1—Arranged to offer: Class "A" Pfd. to customers & employees, at $25.................................$2,000,000
June 30—Offered: to Com. and/or Pfd. Holders right to subscribe, at $25, to 1 sh. new Class "A" Pfd. for each 5 shs. held..$1,462,955

ILLINOIS CENTRAL R. R. CO.

May 15—Arranged to purchase: the line of the GULF & SHIP ISLAND R. R. in Mississippi, for......................$5,000,000

INTERNATIONAL BUSINESS MACHINES CORP.

June 20—Offered: to Cap. Stockholders right to subscribe, at $100, to 1 sh. new Cap. Stk. for each 15 held................shs. 10,046

INTERNATIONAL CEMENT CORP.

June 16—Acquired: the properties of the INDIANA PORTLAND CEMENT CO., with annual capacity of 1,500,000 barrels.
June 19—Increased: Auth. Pfd. Stk. from $5,000,000 to $15,000,000.
Increased: Auth. Com. Stk. from 400,000 shs. to 600,000 shs.
Arranged to offer: Com. Stk. to Employees, at not less than $50 shs. 20,000

INTERNATIONAL COMBUSTION ENGINEERING CORP.

May 27—Arranged to issue: Cap. Stk. in exchange for Add. 200,000 shs. Com. Stk. of VICKERS & INTERNATIONAL COMBUSTION ENGINEERING LTD., at Barrow-in-Furness, England shs. 33,000

INTERNATIONAL PAPER CO.

Mar. 2—Arranged to acquire: (Through its subsidiary, CANADIAN INTERNATIONAL PAPER, LTD.) the RIORDAN-GATINEAU properties at a cost, in cash, securities and assumed liabilities, of $28,276,809

INTERNATIONAL TELEPHONE & TELEGRAPH CORP.

June 10—Acquired: a "Substantial interest" in the COMPAGNIE DES TELEPHONE THOMSON-HOUSTON, in France.

LUDLUM STEEL CO.

May 1—Sold: to bankers, Add. Cap. Stk................shs. 15,000

MARLAND OIL CO.

June 19—Sold: to J. P. Morgan & Co., at about $40, Add. Cap. Stk. ....shs. 80,000

(Please turn to page 438)

What Price Penny Oil Stocks?

AMERICAN TELEPHONE & TELEGRAPH, carried for months as the only common stock recommendation of the BYFI Department, mounts to new high levels almost daily—

American Type Founders, a steady dividend payer for something like forty years, gains steadily in price on the Exchange—

First National Bank, up from $900 to some $2800 per share in about two years' time, raises its dividend rate to $100 per share, yearly:—

Events like these—and there have been many such—connote several things. For one thing, they measure the marvelous expansion that has taken place in American industry and finance in the last decade. For another, they show the heights to which able management applied to a sound product — or, in fact, any field of business — can rise.

But what interests BYFI most about these events is this: They show how profitable security-commitments may be which are confined to highest-grade, old-line companies. They demonstrate, beyond question, that you don't have to gamble in tupenny oil stocks to make money; that, in the last analysis, *some of the biggest profits are to be made in the least speculative securities.*

Five shares of First National at $1000 would have cost $5000. Those 5 shares today would show a profit of $9000, or 180%. The income from them, at the recently inaugurated rate, would be $500; and this would be 10% of the original purchase price. And the income would be coming from the stock of one of the most highly-regarded banking institutions in the world!

What price penny oil stocks, now?

"Eternal Vigilance is the Price of Dividends"

New Reasons for Observing an Age-Old Maxim

By JAMES W. MAXWELL

Perhaps no single weakness is more common among investors than the tendency to regard industrial and financial conditions as fixed and unchanging.

Nothing, of course, could be further from the truth. As the writer of this article brings out, the economic fabric is constantly shifting; and the successful investor is the one who is always ready and able to readjust himself to new conditions as they develop, from time to time.

A WHILE ago, some security analysts were engaged in a friendly talk about things in general.

Somehow or other, the subject came up "What security could a man buy today in the assurance that the company it represents will be doing as big a business twenty-five years from now—and the industry it represents be just as important as it is today?"

At first glance, this subject may seem a little academic — perhaps, even, a little dry. When you get deeper into it, however—as these analysts did—you find it one of the most engrossing themes imaginable—and a theme which illustrates one of the most important lessons.

You realize, as you may not have realized before, what shifting sands the machinery of civilization is built upon.

You begin to perceive how radically the conditions existing today differ from those existing yesterday; and how even more radically they may be altered tomorrow.

And you get a deeper appreciation, perhaps, than you even had before of that age-old financial aphorism:—

"Eternal Vigilance Is the Price of Dividends"

Take the present day industrial corporations, one by one, and what do you find? Scarcely a case where the possibility of a sudden shift in respect to some essential factor does not exist.

How Management Can Change

Perhaps the most general possibility of change (for better or for worse) lies in the factor of management. With industry developed as it is today, scarcely a corporation but what, under capable management, can make money. But who can say how able a given company's management will be even a decade from now? The Garys, the Thayers, the Schwabs, the Bakers—industrial giants though they be—remain mortals. Some day they must pass; and who can say how ably their places will be filled?

Next to the factor of management, perhaps the greatest possibility of a sudden shift exists in respect to the industry served.

This is an age of flux—an age of inventions—an age of swift changes and readjustments, not only in popular tastes but also in the methods employed in catering to those tastes. We cannot now say, with surety, that the railroads will still be transporting the bulk of the nation's freight—both human and inanimate—20 years from today. Motor trucks have already made severe inroads on the business which, in other days, would have gone to the railroads. Aircraft—both heavier and lighter than air—is moving forward swiftly as a means of transportation. To an extent, the long hauls which made railroading so profitable in the beginning have been reduced to short hauls, which the old fashioned railroad cannot provide with benefit to itself.

It wasn't so long ago that the term "carriers" could be accurately applied to railroad companies, since it was they by whom practically all public "carrying" was done. Even today, that term is in large degree a misnomer. It may have become totally untrue 25 years from now.

Other Industrial Shifts

What has been said of the railroad business can be said, with varying truth, of many other fields.

Thus, radio has already, apparently, killed the phonograph industry in this country. Will some new development in sound transference and reproduction in turn kill radio? What will the natural ice industry amount to in 1950? Will the silk industry of today be the artificial silk industry of tomorrow? Will we still be manufacturing paper from wood-pulp—houses from timber—railroad ties and telegraph poles from timber? If not, what will the lumber industry become?

What will people be doing for amusement 25 years or even five years from now? The movies took them, by the millions, from the "legitimate" stage audience; the radio is now taking them, by millions from the movies. Will radio-movies take them back to some new type of theatre?

Get past the possibilities of

(Please turn to page 443)

Lucky Lamb!

A Little Tragi-Comedy of One Woman's Experience in Investing an Inheritance

By GRACE MACKAY

"*THE dead know nothing at all, their children come to honor and to dishonor and they know it not*" is a strange thought in which to find solace. Yet for many months it was my refuge and comfort.

My troubles began with the inheritance of two thousand dollars. I wanted to make wise use of this money because I knew every penny of it had been saved through sacrifice; therefore, from the moment I learned that I had inherited it to a fateful day some two weeks after I had the money in my possession, I gave much thought to the use I would make of it, I finally came to the conclusion that I would invest it. This decision subsequently resulted in my taking a trip to Wall Street.

I thought it was easy to make money in Wall Street because a friend of mine had that very year made enough money on stocks to buy an automobile. I did not merely say, "If she did it I can!" I gave the matter serious consideration and study. Every day for weeks I read a financial newspaper and the financial news in a large evening paper.

The man who wrote the market reviews and forecasts for the evening paper I found to be a pretty difficult gentleman to follow. About all I could ever get from his forecasts was the prediction that stocks would certainly go up—if they didn't go down.

However, the stock prices, day after day, moved higher and higher, so I, poor lamb that I was, decided I would be a buyer. My next problem, which I knew was an important one, was the selection of a broker. By a process of elimination the choice fell to S. S. Bustky founded in 1849 (or thereabouts). Surely, I thought, only very wise and honorable people could stay in business so many years; therefore I took my little fortune and went over to Bustky's.

When I told them that I had come to buy stocks they ushered me into a beautiful office. Presently a nice looking man came in; introduced himself as Mr. Landem and asked if he could serve me in any way. I replied, in effect. "Thank you, sir, you are very good. I have come to ask you to buy $2,000.00 worth of stock for me."

He did not reply at once but his eyes gleamed like an old fisherman's when he sees a big trout jump for a fly. For a moment I was frightened.

> *There is humor in tragedy—if things straighten out in the end!*
>
> *The school of experience is a stern teacher—but its lessons are not easily forgotten.*

"Now," he said, "suppose you tell me what stock you wish to buy?"

I replied that I was thinking of buying Standard Oil of New Jersey.

"Standard Oil of New Jersey!" he exclaimed. "What on earth put the thought of buying that stock into your head? It's very high!"

"Do you mean," I inquired, "that it is not worth what it's selling for?"

"Oh, no, no, not that," replied Mr. Landem, "but it's a rich man's stock."

"Yes," I replied, "I know. Mr. Rockefeller *is* a very rich man. In fact, that is the reason why I was thinking of buying it. But," I hastened to add, "I will be guided by your judgment. What stock do *you* think I should buy?"

At once came the reply:

"Studebaker and Baldwin Locomotive—fifty shares of each!"

"Mr. Landem," I asked, "can I buy 100 shares of stock for $2,000.00?"

To my astonishment he answered, "Yes and no." The hot blood of resentment was mounting in my cheeks as I replied. "Very well, sir, in that case I will not buy any."

Landem then leaned toward me and said in a fatherly way:

"Look here, child: You want to make money and I am going to go the limit to help you. But you can't make money buying a few shares of stock outright. We will buy for your account 100 shares and you can pay down $2,000.00, and then when your stocks go up one point you will make $100.00. If they go up 20 points you will double your money."

That sounded good to me, but I wished to know how much a hundred shares would cost and found, I could buy Studebaker for 70 and Baldwin Locomotive for 115.

Just then the thought flashed through my mind that if I took only fifty shares I could keep out five hundred dollars and start a bank account. My decision was made thereupon: I would take 25 shares of each and pay down $1,500.00.

This arrangement seemed to meet with Mr. Landem's approval. After leaving all but $500.00 of my inheritance with Bustky's I went home thinking: "Wouldn't it be wonderful if I should make $100.00 to-morrow!"

From the moment I bought those stocks a restless spirit took possession of me. Even next morning I could not stay home. I went to a bank in Newark, opened an account, deposited the $500.00 and then went to New York to spend the day. At four o'clock I came out of Gimbel's, bought a paper and the first thing my eyes rested on was Baldwin Locomotive—minus 10. I felt faint. My hand went to my head. I gave a little moan. A lady who stood near me said, "You are ill! Can I do something for you?" I could not answer. She turned to call a taxicab.

A taxi, and I had just lost $250.00!

My tongue seemed frozen. I raised my eyes toward heaven and prayed. "Oh Lord, let the earth open and swallow me up."

My prayer was answered for when I came to myself I was deep down under the Hudson River—homeward bound.

That night was a sleepless one. It seemed morning would never come. Then I had to wait until 10 to call Bustky. At last I got them and learned that "a ten point drop in a stock like Baldwin is nothing at all. All a part of the game, you know! A little short selling that's all. Don't worry! Keep your stocks!"

I kept them—and, oh,

what sad days followed! If Studebaker went up a half point, Baldwin went down a whole point. If Baldwin went up one Studebaker went down two.

Mostly, they both went down.

One day, in late November, 1920, I received a letter from Bustky's saying I must put up more money on my account or they would have to sell me out. I was indignant and went straight over to Busky's to find out what they meant by "selling me out." I said: "I didn't ask you for credit. That was your *own* arrangement; and you said the Fifteen Hundred Dollars was more than enough to pay down. You promised to sell the stocks and give me the profits."

I paused for breath. In a moment, Landem was in the ring hitting hard. It took him just about one minute to convince me that business was business.

I gave him a check for all I had in the bank and went home, sadder and a little—just a very little wiser.

Weeks passed—weeks of horror! My heart stood still every time the mailman rang the bell. I was sure it must be a margin letter from Bustky's. One Friday morning a few days before Christmas my worse fears were realized. The margin letter came.

I had no money but owned 10 shares of National Biscuit preferred stock. I called up Bustky's and asked until Monday to make some arrangement. At first they would not consider my request; but when they learned that I had the Biscuit stock they said "any time Monday will be all right."

That day I went to Wall Street and tramped from one brokerage house to another seeking and receiving advice. Thank God! I had sense enough to know that every one of those men advised me as they did because I was a woman. Everywhere I received the same advice, "Sell your stocks and buy bonds!"

"Do you know," I asked one broker, "of a bond which I can buy on which I have a chance to make back my lost money?" He replied, "You can't make back lost money. There's only one chance in a hundred. Lost money is lost money!"

I went home and thought it over Saturday and Sunday and came to the conclusion that my one chance lay in keeping the stocks I had; and I decided to take that chance.

Monday I went to Bustky's and asked to see the manager. I was shown into the office of Mr. Goldbug, who asked what I wanted to see him about. I tried to tell him my story but had not progressed far when he said. "Now! will you tell me why you bought Studebaker at 70 and Baldwin at 115? You must be a fool! I," he went on, "haven't bought a share of stock since last February! Studebaker is forty-six right now; that's the bottom!"

He was wrong. It wasn't the bottom. But he was right in his first deduction: I was a fool.

However, I would not concede the point and replied: "You advised the purchase of this stock!" "I," he thundered, "I? I advised you to buy

One day, in late November, 1920, I *never* advised you to buy *any* stock."

I explained: "I was referring to your house or to be explicit, your Mr. Landem—

"Oh!" he broke in, "that's different. Ha! Ha; Ha! That's his *job*—getting people's money. Well, that's good! Now, my dear lady, go to the office and put up your Biscuit stock."

"Thank you," I replied, "I will do that."

Goldbug evidently thought I left the room; as a matter of fact, I had only moved near to a window for air, Presently I found myself listening to a phone conversation which convinced me that I must get my account away from Bustky's that very day. I then went to a bank and asked if they knew of a reliable broker. They gave me a card to one. I went there. They consented to take my account and arranged for the transfer.

The market went lower until the first of the year when it started up and about the third week of January I sold Studebaker for 56 and Baldwin for 89. I now had part of my money back and my new broker had promised to let me know if he saw a good chance for me. I waited patiently. One morning the telephone rang. My broker was on the wire with the news that "Pan American was going to raise its dividend from \$6 to \$8. It's a buy." I bit just like a trout after a long dry spell. I lunged at the bait with, "Buy fifty at the market!" I got it at 75. The dividend meeting was next day. No extra was declared! As I had resolved never again to sit and watch a stock go down, I sold the following morning. It was 74 when I put in my order and dropped to 71 before it was executed. This was a hard blow but it taught me—*that women aren't the only ones who know very little about stocks!*

A little later I got a tip to buy the fertilizer stock. I bought all I could but the next day they all closed down one to two points.

Another dream shattered but I was still in the ring doing business at a loss. I sold next morning at the opening.

The first of the month brought my statement: Long, 10 shares N. B. Co. preferred stock; Dr. Balance, \$69.00.

I hid that statement under the linoleum on the kitchen floor. I had a horrible fear that one of those old advisers would see it. That night I dreamed they all came in my room and every one pointed a long finger at me and said: "It serves you right." I rose in my bed shook my fist at them and said, "Wait! I am not through *yet!*"

Though I awoke to find they had fled I felt that I had committed myself to buy more stocks. But from now on, I decided, I would be *my own* adviser; and before I bought another share of stock I would know all that any outsider could learn about it.

I lived up to my vow. *The next five months I devoted six hours of every working day to the analysis of stocks.* At last I formulated the following plan:

I would buy only high grade stocks; not more than five shares of any one stock; having bought five shares, if it went down, I would keep it; if it went up five points I would buy five more and put in an order to sell the ten shares on a two point drop.

Having this general plan I proceeded very carefully, buying at first only preferred stocks and always taking a ten point profit. In this way I made nearly two thousand dollars and then started accumulating Standard Oils and National Biscuit common. I sold most of my oils in the spring of '23 and bought more Biscuit.

I am now out of the market and have as a reward for my labor and suffering, 350 shares of National Biscuit, 50 shares of Vacuum Oil, five shares of Woolworth and a million dollars' worth of experience.*

* Not capitalized.

"The men whom I have seen succeed have always been cheerful and hopeful; who went about their business with a smile on their faces and took the changes and chances of this mortal life like men."—Charles Kingsley.

Making Savings Earn More

How the Income Builder Can Seek Profits Without Jeopardizing His Investment Career

By BURR S. STOTTLE

> *Speculation does not necessarily imply gambling, nor does Investment necessarily imply the foregoing of possible profits.*
>
> *There is a sound middle course which the Income Builder may very properly follow, and it is well defined in this article by one of B Y F I's readers.*

THE most successful method of income building is that which builds from savings and from investments, in just the right proportion. To determine what proportion of the fund one is seeking to raise should be contributed by actual savings and what proportion should be contributed by earnings from those savings, is not an easy task, for this involves determining how large an earning one should strive to obtain from one's investments.

I believe it is safe to say that most Income Builders (by which it is not intended to include "speculators") do not make the earnings from their savings contribute their fair share. They depend too much on the amount of their savings. They do not realize that, by judicious investment of their savings, the Fund may be made to grow much faster than it otherwise would. Whether the object is to obtain a fixed amount of money in as short a time as possible, or to obtain the largest amount of money in a fixed length of time, the Income Builder has a right to expect that a fair proportion of the Fund shall be obtained from the earnings on his savings, which latter are usually hard-earned. The purpose of this article is, primarily, to point out how the Income Builder may put his savings to work so that they will do their full share toward building the Fund, and at the same time not appreciably endanger the safety of the savings themselves.

This presupposes that there shall be some savings to invest. The savings must also contribute their part toward the total fund. Just how much one should save cannot well be put into a rule, for circumstances differ. Little further need be said on the question of the amount to be saved than to say that it should be as much as the Income Builder can reasonably spare from his income—and should be saved regularly and consistently. With these savings, whether large or small, the problem is, how can they be invested so as to make them yield the greatest return and thus contribute their full share toward the goal sought? We will assume, therefore, that the Income Builder will save as much as he reasonably can, and direct our attention to the question of making those savings earn as much as possible.

Absolute Safety Respects Choice

Of course, if absolute safety is desired, there would be little use in writing this article, because it is easy to select an entirely safe investment, if one is satisfied to take the low yield which such an investment gives. But there are other investments which can be termed "reasonably safe" and it is believed that the intelligent Income Builder who wants to make the most of his opportunities, should not confine his investments to Government bonds, but should seek out those investments which will yield as much as can be expected without unduly endangering principal or earning power. Furthermore, there is not a great deal of difference between the amount of earnings from the 4% Government bond and from the high-grade 5% or 6% bond, and unless the Income Builder is willing to assume a slight risk beyond this, there is little possibility of making the earnings from investments contribute their full quota to the Fund.

What, then, is the sort of investment for which the conservative Income Builder should look? He must find one which will yield the greatest return, without jeopardizing principal and without unduly jeopardizing a fair return on his money. One's first thought, in connection with obtaining a larger earning, is to select a security offering a high yield. It is submitted that this is *not* the best plan—in fact, that such a plan is fraught with real danger. A security which is selling on the market to yield a high return is usually doing so for a reason and that reason is likely to be that the dividend or interest rate is in danger of being reduced, and if the rate is in danger, it usually means that the principal or at least a part of it invested in such a security is also in danger.

A better and safer plan, and one which offers greater opportunities for profits, it is submitted, is to select stocks or bonds offering only the usual or customary yield and which are reasonably safe as to principal and yield, but which, because of the provisions of the security and because of the favorable prospects of the industry represented, offer an opportunity for price appreciation. This would necessarily exclude the bond or preferred stock with a fixed interest or dividend, which was already selling about as high as that yield would warrant, and would require the selection of an issue which has an opportunity to share in any additional earnings that might come to the company.

The Securities To Use

The next step, therefore, is to discover what types of securities offer this kind of opportunity. Naturally, the field must be considered in the light of conditions as they exist at the time the investment is being made, and therefore the suggestions given here must be considered as general illustrations. Also, the examples given may not appeal to every one as being the kind of security that we have been discussing, for people will differ in their ideas as to the prospects of the industries represented by these securities, and it is not the purpose of this article to make specific recommendations, but specific securities are discussed as examples, as this is thought to be the best method of indicating the type of security best adapted to investment by the Income Builder, who will make his selections

This article discusses the advantage of convertible bonds and preferred stocks. If such issues intrinsically are sound, they possess the double attraction of reasonable safety of principal and income—and possibilities for profit.

according to his own ideas and information at the time he desires to make an investment.

Admittedly, the greater the opportunity the greater the risk, but, getting back to theory, there must be some point between the Government bond and speculation, which will yield the greatest amount of earnings consistent with reasonable safety. Now what securities are available that embody the desired elements? As stated, such a security should be a stock or bond on which the dividend or interest payments may be deemed reasonably safe, and have some feature which would permit of considerable price appreciation if favorable market factors should develop. To find such an investment, one must look to an industry which has some favorable prospects, either immediate or remote, and must select a stock or bond in that industry which has a chance to share in such prosperity if it should materialize, and yet be safe and yield a reasonable return in case the favorable prospects should not materialize. This type of security can be illustrated better by specific examples than otherwise.

A Case in Point

For instance, some people think the copper industry will eventually profit very greatly from reconstruction in Europe. If this should come about, copper securities would rise greatly in price. Chile Copper is one of the leading low-cost producers and its stock is favorably regarded in many quarters, but a purchase of Chile Copper common stock might be regarded as somewhat too speculative for the Income Builder, who does not care to take chances with his savings; but—and here is where the Income Builder comes in—Chile Copper Company has an issue of 6% bonds, which are convertible into the common stock. These bonds are well secured and, on account of the convertible feature, are selling above par. The Income Builder might well purchase Chile Copper convertible 6s, with reasonable degree of safety, and if the prosperity predicted for the copper industry should develop, Chile Copper stock would be as likely to share in it as any other copper stock, for it is a low-cost producer; and when the price of the stock reached a point where conversion of the bond into stock could be made and the stock sold at a substantial profit, the Income Builder could do this (or sell the bond itself, which would have appreciated proportionately in price), and then look around for a similar opportunity in some other industry or security.

If one does not have sufficient faith in copper industry, one may find similar opportunities in other lines of business, including some railroads. An example of an industrial stock would be the 5% convertible preferred stock of the General Asphalt Company, now selling at about 95, which is convertible into the common stock on the basis of one share of preferred for one and one-half shares of common. While this stock is somewhat more speculative than the Chile Copper 6s, yet it is engaged in both the asphalt and oil business, and if the oil stocks come into the era of prosperity, which it is rather generally believed they will sooner or later, it is conceivable that the common stock of General Asphalt Company (which is now showing good earnings) may eventually be placed on a dividend basis and the ownership of the convertible preferred at 95 thus prove to be a profitable commitment; and, in the meantime, would yield a fair return on the investment.

There are other convertible bonds and convertible preferred stocks in other industries which offer similar opportunities, and for Income Builder who desires to realize the utmost from his savings account, it is suggested that investments be made in this type of security. If Chile Copper stock should go to 50 (which would not be unreasonable to expect in a good "copper market"), each $1,000.00 bond bought at 106 could be converted into stock and sold at a profit of about $400.00, or approximately 40% profit on the investment, to say nothing of an interest yield of more than 5% in the meantime.

If General Asphalt common stock should be placed on a 6% dividend basis, it would probably sell up to 80, and a purchase of the convertible preferred stock at 95 would yield a profit in price appreciation of about $25.00 on each share purchased, which would be over 25% on the investment, with an interest yield of over 5% in the meantime. It does not require any argument to show the great advantage of an investment of this kind to the Income Builder, for if the amount of the monthly saving is small, say $25.00 or $50.00 or less, it would require from one to two years to save the amount which would be earned by price appreciation on the Chile Copper bond and the General Asphalt preferred stock. If a fixed sum, say $10,000.00, is aimed at as a goal, with reasonably good luck in the selection of this type of investments, a considerable portion of the total sum can be contributed by the earnings from the investments and the time required to accumulate the fund be thereby proportionately shortened. How much greater the stimulus to save $10,000.00 if one could do it in ten years than there would be to save towards it if the goal were twenty-five years away! The tempta-

(*Please turn to page* 443)

BYFI'S
Recommendations Table
(For Small Investors)

$100 Bonds		Recent Price	Yield to Maturity
St. L. & S. F. R. R. prior lien 4s, '50		77¼	5.70
Laclede Gas 5½s, '53		101	5.45
U. S. Rubber 5s, '47		88½	5.85
Preferred Stocks	**Per Share Dividend Rate**	**Recent Price**	**Yield**
Cluett Peabody	7	106	6.60
American Ice	6	83	7.22
Mack Truck 1st	7	109	6.42
Radio Corp.	3½	50	7.00
Schulte Ret. St.	8	110	7.27
Common Stocks	**Per Share Dividend Rate**	**Recent Price**	**Yield**
American Tel. & Tel.	$9	141½	6.31

Teach the Children!

How This Theory Is Worked Out in One Household and the Values It Produces

By "E. M. L."

Two of BYFI's pet principles are championed in this article—one, the importance of financial education in the home and the school; two, the high-cost of "unproductive" or wasted capital.

The latter principle is particularly well illustrated in what the author has to say.

I HAVE been much interested in suggestion about teaching finance in the schools. That is, teaching it in some way that will get *to* the children—*get under their skins.* The few problems they have in the arithmetics on banking and business don't mean anything to them except a task to be gotten rid of, not something that belongs vitally to themselves and their own lives, as should be the case.

Take the experiences of my husband and myself for instance; how much money it would have saved us, how much income it would have added, how much anguish from losses it would have spared us had we been given some such training!

We cannot be called extraordinarily stupid people—he was a first honor man at college and I finished two years ahead of the average student—but in regard to finance we were as ignorant as the veriest babes. We both came from frugal, but comfortable homes, but up to the time he was twenty-one my husband had never drawn a check. Think of it! And the world is full of many just as ignorant. He not only knew nothing about banking procedures, but was handicapped by being ashamed to acknowledge his ignorance. Therein lies much danger in our dealings with children. We take too much for granted, and a sensitive child is hindered by shame or pride. We *all* bluff more or less.

As for me; when we were married, while I could deposit and draw out money from the bank, my idea of a good investment was to put money in a bank and leave it there until needed on a "rainy day." I was even cautious about that, I wouldn't leave my money in a bank where I didn't like the face of a particular employee! Furthermore, I thought a mortgage was a black disgrace, and the stock exchange was the abode of gamblers and the devil.

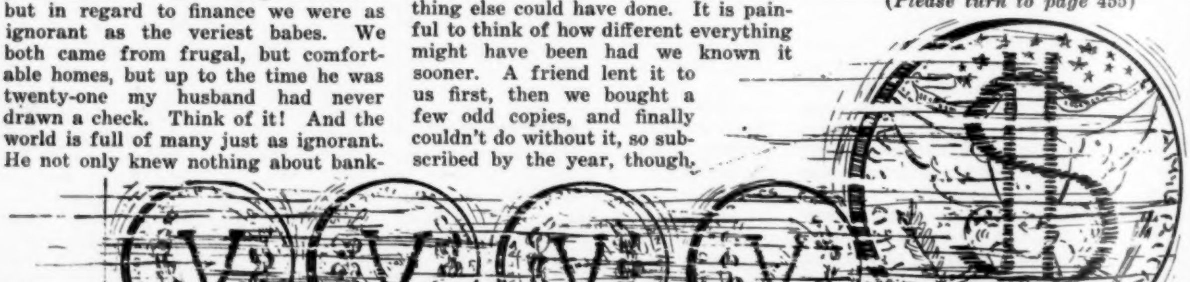
My husband had an intelligent *feeling* for finance but ignorance of his own ability, and lack of confidence in the same, wrecked us. We were on the right track to financial independence when a man of experience in the market showed us where we erred—why, we didn't even know the *terms* used in the world of finance! He overwhelmed us with them until we grew smaller and smaller in our own estimation, and under his guidance we reinvested our precious hoard in "good" (?), "safe" (?) stuff that later passed away. How dearly we bought our knowledge!

While groping for the light our attention was called to THE MAGAZINE OF WALL STREET *which we have since used as a text book.* Right here I want to offer an unsolicited and grateful testimonial to that periodical, its editor and all who make it useful. It set us on the right track quicker than anything else could have done. It is painful to think of how different everything might have been had we known it sooner. A friend lent it to us first, then we bought a few odd copies, and finally couldn't do without it, so subscribed by the year, though, to tell the truth, we were in such bad shape, financially, at that time that we could hardly spare the $7.50 to pay for it.

It is natural after our disastrous experiences that we want to protect our children from the same. Ours is the responsibility. So we are starting to break them in early. You may think we are going at it backwards when I tell you that we teach the *effects of loss first* and then saving, and how money grows, *next.* We think that loss appeals more to the immature mind. We are trying to *saturate* them with the *results of losses.* We want our youngsters to grasp the fact that one does not simply throw away, lose or waste the *initial* sum but one keeps on paying for that money, over and over, year by year forever.

I find the children not much interested in putting money in the bank for the *interest it draws*—as they grow older they may be—but they *are* impressed by the fact that every time they throw away $1, or $2, or $10, they are going to keep right on paying for that all their lives in the yearly sum of 5 cents, or 10 cents, or 50 cents loss (I reckon interest at five per cent for convenience—they own five per cent bonds). I put it up to them something like this: "Imagine a steady stream of nickels running out of your pocket, one for each dollar you've wasted in your lives." It can be made quite impressive by apt illustrations. Try it on yourself, you grown folks think back over the waste of a year, and listen to the nickels clink as they drop *away* from you! We Americans are a careless lot. We like to be thought

(Please turn to page 455)



The dollar you throw away is not only a dollar. It is a potential source of income. Trailing behind it will be a constantly growing procession of nickels—representing the interest it might have earned if you had kept it and set it to work!

Petroleum

Ten Promising Oils

Selected Issues Which Should Give a Good Account of Themselves in the Market—Why Sinclair Consolidated is Included

WITH the heaviest consumptive season well under way, the outlook for the oil industry continues promising. It will be recalled that the current year differs from the two preceding years in the important matter of maintenance of prices. Last year and the year before the outlook was favorable early in the year but increasing production undermined the price structure with consequent disappointing results for those two years as a whole. While there is a large production at the present time it is of different character than in 1923 and 1924. Production of light oil from which most of the gasoline is made, has materially declined since the beginning of the year and the large flush production coming from the deep sands of the Smackover field, contains less than 5% of gasoline. Gasoline is the most profitable end of the oil business and there is no pressure, therefore, on the gasoline markets.

The large stocks on hand of crude and refined are held mostly by the large and well financed companies. They can be depended on to hold such stocks until they can be liquidated at a profit. Many of such companies have carried large stocks for several years which shows why it is necessary for successful oil concerns to possess large working capitals.

Difficulties of Selection

The prospects are, then, that the well situated and well managed oil companies will show some excellent profits for 1925. Again we must emphasize the point that the oil industry is one of kaleidescopic changes and that no individual can peer far into the future with assurance. The best that can be done is to analyze the existing situation and indicate the probabilities. With that proviso in mind we shall attempt to point out some oil companies which are doing well at the present time and which, in our opinion, have not wholly discounted, market-wise, their prospects.

It will be realized that to attempt to select a list of oil stocks and say that those particular stocks will show the most market appreciation before the end of the year, would be fatuous. The list herewith makes no such claim. It

(Please turn to page 466)

Ten Promising Oils

Company	Outstanding	1925 range of common High	Low	Earned on com. 1924	Com. Div. rate	Recent price	Income return
General Petroleum Funded Debt	$18,003,400						
Preferred	$3,212,200						
Common	$28,023,050	59	42	$7.20	$2.00	56	3.5%
Pacific Oil Funded Debt	....						
Preferred	....						
Common (no par)	3,500,000 shs.	65¼	52¼	3.40	3.00	58¼	5.1
Pan American Funded debt	$19,030,533						
Preferred	....						
Common	$50,077,800	83⅞	64	5.67	6.00	77½	7.7
Common "B"	$81,970,700	84½	63⅜	5.67	6.00	78½	7.6
Phillips Petroleum Funded debt	$3,200,000						
Preferred	....						
Common (no par)	1,875,666 shs.	47⅛	36¼	3.82	2.00	46	4.3
Sinclair Consolidated Funded debt	$87,307,500						
Preferred	$18,914,900						
Common (no par)	4,491,893 shs.	24⅞	17	....	....	23½	..
Texas Oil Company Funded debt	$1,600,000						
Preferred	....						
Common	$164,450,000	54⅜	42¾	4.02	3.00	52	5.7
Standard of California Funded debt	$22,500,000						
Preferred	....						
Common	$232,704,322	67¼	56⅝	2.82	2.00	60	3.3
Standard of New Jersey Funded debt	....						
Preferred	$199,972,900						
Common	$507,301,775	47½	38⅜	3.30	1.00	44½	2.2
Standard of Indiana Funded debt	$46,000						
Preferred	....						
Common	$223,756,258	70	59½	4.56	2.50	68	3.9
Prairie Oil & Gas Funded debt	....						
Preferred	....						
Common	$60,000,000	65½	50¼	4.30	2.00	62½	3.2

SERVICE SECTION

ANSWERS TO INQUIRIES

SUBSCRIBERS—ATTENTION

The inquiry Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. As a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. The inquiries presented in each issue are only a few of the thousands received—43,000 in 1923. The use of this personal inquiry service in conjunction with the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

FAMOUS PLAYERS

New Financing

I have 10 shares of Famous Players which I bought two years ago after reading an article on it in your Magazine. My profit is about 30 points. I am willing to hold the stock indefinitely if you believe there are possibilities for steady appreciation in the market price. I will exercise my right to subscribe to the new stock at 90. Please consider this when you give me your opinion.—A. S. R., Kansas City, Mo.

The money that Famous Players will raise by offering common shareholders the right to subscribe to new stock at 90 will be largely used for the purchase of income producing property and should not be construed in any way as an unfavorable development. According to President Zukor, earnings so far this year have shown an increase over the preceding year. We are impressed with the progress this company has shown in the past year and although you have a substantial profit in the stock, it is our opinion that you are justified in continuing to retain it.

J. I. CASE PLOW WORKS

Capital Readjustment

Do you advise me to hold the stock I will receive from the reorganization of the J. I. Case Plow Works Inc? My stock cost me $8 a share in 1922. I bought it at that time because I thought the company would pull through because of the cooperation of the creditors at that time.—G. V. E., Chicago, Ill.

As you are undoubtedly aware, the agricultural machinery manufacturing industry passed through a very trying period following the deflation in values that occurred in 1921 which severly affected farming communities. The outlook for this industry has now improved materially and operations so far this year has been on a better basis. The capital readjustment plan that the J. I. Case Plow Works now proposes will practically eliminate a floating debt of 6.2 millions, as large creditors have agreed to accept securities instead of cash. The new company will have 1.1 million funded debt, 16,668 shares of $100 par 6% non-cumulative Class "A" stock and 160,000 shares of no par value Class "B" stock. Current assets will be approximately 2.3 millions against current liabilities of only $104,000. By adopting this plan, the company escapes receivership which, otherwise, would be unavoidable. Common shareholders receive one share Class "B" stock for each 20 shares now held. In view of the improved financial structure of the new company and the better outlook for the industry we believe you are justified in holding the new stock.

TEXAS PACIFIC COAL & OIL

An Uncertain Speculation

I have been a stockholder in Texas Pacific Coal & Oil since 1920, and after allowing for my stock dividend that year, which stock I sold, my shares averaged me about $34. What is your opinion of the future of the company and do you believe it will get back into the dividend class?—K. V. G., Baltimore, Md.

Texas Pacific Coal & Oil earnings for the past four years have shown a steadily declining tendency which can be largely ascribed to the fact that drilling operations have not been sufficiently successful to maintain the company's oil production. In 1924, earnings were just about sufficient to cover depreciation and depletion charges, and for the first quarter of 1925, earnings were slightly under the results for the same period of 1924. It is very difficult to judge the value of a stock of this character as future earnings will depend largely on how successful the company is in developing new production. The company recently brought in oil at a depth of 2,585 feet where it encountered the third Smackover sand in the vicinity of the discovery well. Four more wells are to be put down in this section. There is always the possibility, that the company will be successful in running into some new large production that will entirely change its position. If you are willing to assume a high degree of risk it may ultimately benefit you to retain the stock, but if you desire a security with a more definitely assured future, we suggest a switch into Happiness Candy Stores which is selling on the New York Curb around 7 and paying dividends at the rate of 50 cents per share per annum. This is a large chain store organization and has good prospects for future growth.

UNITED STATES ALCOHOL

German Competition

On your advice I bought U. S. Industrial Alcohol at 53 just about two years ago. I would like your opinion now as I have been advised to take my profit for fear the new German product will make inroads on the company's most profitable business.—H. P. S., St. Louis, Mo.

The German alcohol product which has caused so much discussion in regard to German competition is similar to wood-alcohol, while the principal product of U. S. Industrial Alcohol Company is ethyl alcohol. The German product therefore does not come into direct competition with U. S. Industrial Alcohol Company. Up to the present time there appears to be little of the German product on the market in this country, but of course, this may increase and bring about a lower price for wood-alcohol. Such a development may be expected to have a sympathetic effect on the price of ethyl-alcohol, although we would not look for this to be important. U. S. Industrial Alcohol is in sound financial condition and has developed a large enough earning power to warrant dividend payments before long. At present levels, however, we feel the stock has already discounted to a considerable extent the favorable factors of the situation and

(*Please turn to page 444*)

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers buy and sell their securities through reliable firms.

AN IMPORTANT CHANGE IN POLICY

STUDEBAKER herewith announces the discontinuance of the custom of presenting a new line of automobiles each year. Instead of bringing Studebaker Cars dramatically up-to-date once in twelve months *we shall keep them up-to-date all of the time*—with every improvement and refinement made available by our great engineering and manufacturing resources. This policy not only directly benefits present Studebaker owners, but it also enables purchasers of new cars to obtain models that are always modern—*without the necessity of waiting for annual changes,* and without the danger of their new cars becoming obsolete.

BACK of this new policy is an amazing story—of interest to everyone who owns or expects to own an automobile.

The dramatic success of the present line of Studebaker Cars is one reason for this important change. Month after month we keep breaking records—sales keep piling up. This year we will sell almost four times as many automobiles as we produced in the big boom year which followed the war.

Owners report endurance records, even beyond our greatest expectations. Out in the rugged mountain regions where Studebaker sells four times its normal proportion of cars, owners talk about these models in the most extravagant terms. In 1924 the Corporation's sale of repair parts dropped to $10 per car per year. Mechanical stamina under severe usage—remarkable performance under the most difficult travel conditions—*these are the qualities for which Studebaker Cars have long been noted.*

Surely, these significant facts prove beyond any shadow of doubt that Studebaker Cars are so soundly engineered and manufactured and so eminently satisfactory in the hands of owners, *that drastic annual changes are not required.*

Improvements and refinements will be made from time to time. New features will be added. When our engineering department (maintained at a cost of more than half a million dollars a year) devises an improvement in any model it will be made without regard to the calendar.

As in the past, we shall continue to pioneer vital betterments that have proved their merit through practical use. Alert, aggressive, receptive to new ideas, resourceful in executing them, guided by scientific research and spurred by imagination, the Studebaker organization proposes to build better motor cars than ever before.

Now you may buy a Studebaker on any day of the year with the confident assurance that the sturdy, thrifty, one-profit car you drive away will not be stigmatized by any act of ours as a "last year's model." Today in even more generous measure than in the past, Studebaker Cars offer the utmost value for the money.

THE STUDEBAKER CORPORATION OF AMERICA, SOUTH BEND, INDIANA

STUDEBAKER

MOTOR CARS

This is a Studebaker Year

School for Traders & Investors

Fifty-Ninth Lesson

Are You Getting the Facts?

The Importance of Securing Clear and Unbiased Statements from Corporations — Stockholders Should Be Taken Into Confidence

THE careful and conservative investor and trader will base his decisions on a well-balanced consideration of statistical and technical factors. That is, he will study all of the available statistical data that may be important in determining which stocks he is willing to buy or sell, and he will observe the technical market positions of the eligible issues in order to decide when to buy or sell.

The technical market position of a stock is available to anyone who is able to read and understand the quotations published in the daily newspapers, the symbols and figures on the ticker tape, or the lines and notations on a chart. Anyone can observe the relative position of a price compared to recent oscillations and former high or low levels, or important advances and declines.

The same statement cannot be made with assurance in so far as statistical data are concerned. Some corporations publish their financial reports regularly and frequently, while others present only a condensed statement of their position once a year. Some of these reports are clear and explicit and contain the answers to almost any conceivable questions that the investigator might desire to ask. Others are confusing, vague, and sometimes almost unintelligible.

The most frequent, and perhaps the most orderly, reports are issued by the leading railroad companies. Their earnings are available monthly, and voluminous information with regard to their physical condition is available at frequent intervals. With such a system of reporting it is easy to follow the trend of the earnings of individual companies, the various regional groups, and to make significant comparisons.

Referring to mining companies, it has been claimed that their shares are not as popular with the average investor as are the issues of other industrial corporations, because they do not issue as frequent and comprehensive reports as are submitted by manufacturing companies generally. This remark certainly does not apply to the large porphyry coppers and several other mining companies, for their reports are models of excellence, and they present in detail and without reservation almost every fact that the stockholder could desire. These companies take the public almost completely into their confidence. Most other industrials would do well to follow such an example.

> *THE stockholder—or prospective stockholder—has at least the right to expect that his corporation will issue clear and unbiased reports—and as frequently as possible. With such data at hand, he may be in the position to determine the value of the stock in which he is interested. Without it, he is at a great handicap; but, if he is not in a position to secure the right kind of data, then, at least, he may know that the Corporation in which he is interested is very likely withholding the facts and this should lead him to avoid its securities. In this way, he may save himself ugly losses.*

Some prominent mining companies, on the other hand, deserve all the criticism they receive. Their reports frequently contain a mass of statistical information, but with many of the important facts to which the stockholder has a right carefully obscured. The usual excuse for such procedure is that the disclosure of information with regard to costs would be equivalent to giving away confidential information to competitors. Needless to say, this is usually nonsense, the real reason being deliberate deception.

There is no reason why mining companies should be singled out for criticism. In fact many of our large manufacturing corporations have become notorious for the cleverness with which their reports obscure significant facts from the stockholder, or what is more to the point,—the prospective stockholder. It may be said of more than one company, that after the financial truths have been compiled by the accountants, the officers require several weeks in order to satisfactorily adjust and juggle the figures for public consumption.

These remarks do not apply to a large percentage of our well-managed industrials, for prosperous organizations have no excuse for deceiving their stockholders or the general public. Attention is called to such shortcomings simply as a warning to investors and traders whose bump of credulity may be large. It is well to bear in mind that whether a report be concise, or unabridged and supplemented by an imposing array of figures, it is instructive and significant only in so far as it clearly sets forth the vital facts in the case. If it dodges the important issue, it is instructive only in the sense that it is significant.

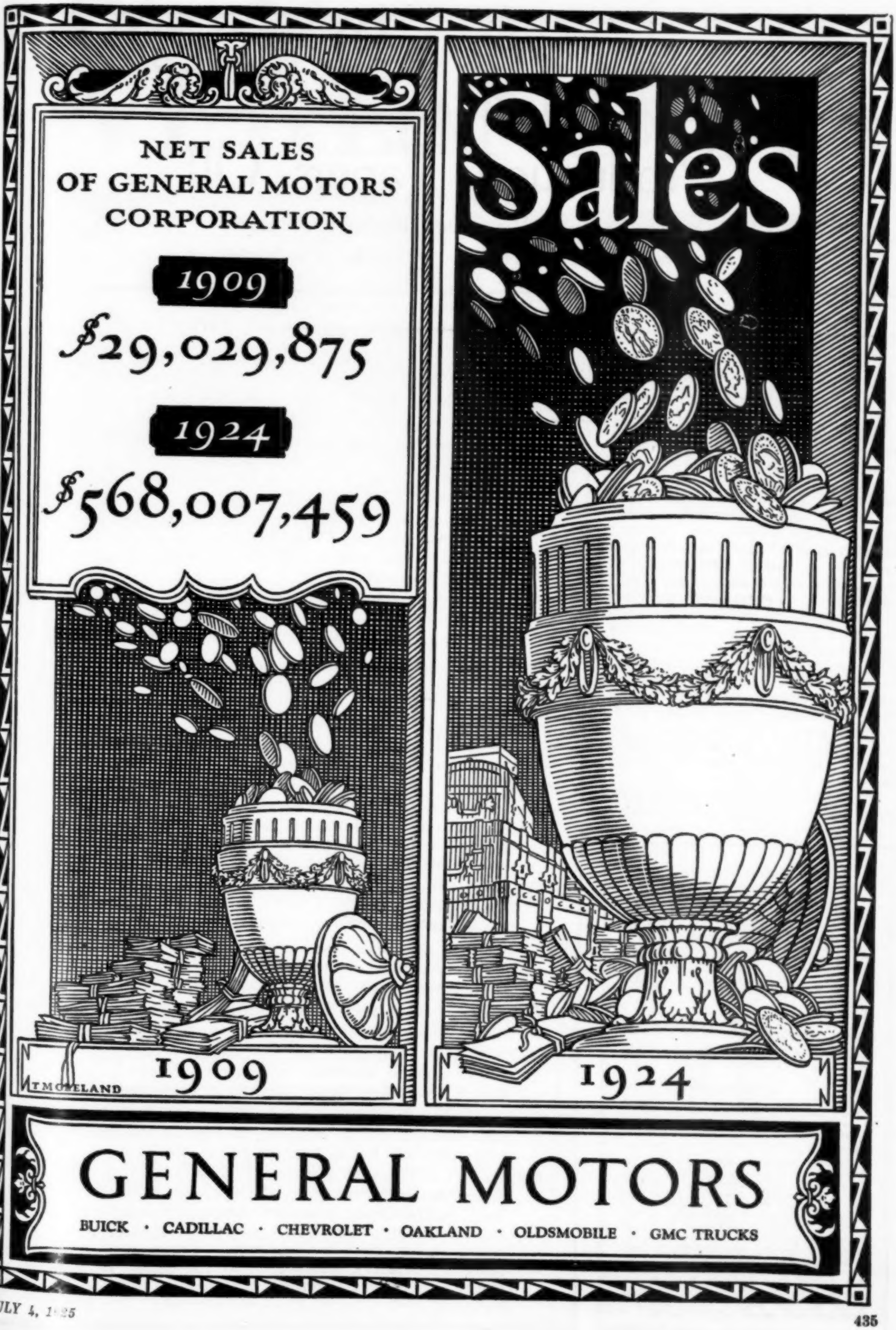
In making a selection of stocks for investment or long-pull speculation, the following questions may be considered to advantage:

Does the company issue regular and frequent financial reports?

Are the published reports frank or misleading?

Is the news authorized for publication accurate, or is it propaganda to assist the manipulation of share prices?

If the answers are not satisfactory, avoid the stock in question.


NET SALES
OF GENERAL MOTORS
CORPORATION
1909
$29,029,875
1924
$568,007,459
Sales
T MORELAND
1909
1924
GENERAL MOTORS
BUICK · CADILLAC · CHEVROLET · OAKLAND · OLDSMOBILE · GMC TRUCKS

Trade Tendencies

Production Tapers Off

Conservatism Dominates Business—Seasonal Hesitation Evident—Crop Prospects a Factor

STEEL

Outlook Uncertain

THE steel industry presents a more or less uniform appearance of dullness. Prices, on the average, have drifted slightly lower but are holding well in the face of slow business. A sharp increase in buying would probably have the effect of lifting quotations, However, the probability of such an increase appears rather remote at this juncture. The aggregate volume of new orders, together with unfilled obligations, is sufficient to sustain operations and impart a fair measure of stability. But while the mills are not greatly concerned with respect to the volume of demand, the price situation is a source of some concern. With the industry operating under 70% of capacity and production costs accordingly accentuated, profit margins are not all that is to be desired. There is a possibility that production may decline somewhat during the course of the next few weeks.

In contrast with the uncertainty in steel, demand for pig iron has picked

(*Please turn to page* 469)

COMMODITIES*

(See Footnote for Grades and Unit of Measure)

	1925 High	1925 Low	1925 *Last
Steel (1)	$38.00	$35.00	$35.00
Pig Iron (2)....	22.00	18.00	18.00
Copper (3)	0.15¼	0.13¼	0.13¾
Petroleum (4) ..	3.80	3.00	3.80
Coal (5)	1.95	1.82	1.82
Cotton (6)	0.25⅝	0.22½	0.24⅛
Wheat (7)	2.16	1.48	1.82
Corn (8)	1.27	1.03	1.11
Hogs (9)	0.13⅜	0.10⅛	0.12⅞
Steers (10)	0.11½	0.10⅜	0.11
Coffee (11)	0.23⅞	0.17½	0.22
Rubber (12)	0.78	0.35	0.72½
Wool (13)	0.70	0.48	0.53
Tobacco (14) ...	0.24	0.22	0.22
Sugar (15)	0.04⅞	0.04¼	0.04⅛
Sugar (16)	0.07	0.05⅛	0.05⅜
Paper (17)	0.04	0.03⅝	0.03⅝

*June 20.

(1) Open Hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Pennsylvania, $ per barrel; (5) Pittsburgh, mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, Chicago, $ per bushel; (8) No. 3 Yellow, Chicago, $ per bushel; (9) Light, Chicago, $ per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium Burleigh, Kentucky, — per lb.; (15) Raw Cubas 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.

THE TREND IN MAJOR INDUSTRIES

STEEL—Business in steel moving at slow pace. Possibility of some moderate recession in mill activities over summer. Prices lack definite trend but hold fairly well in face of current light demand.

METALS—Copper responds to stronger statistical position and strong buying movement by advance to 13⅞ cents a pound. Firm market with possibility of further moderate gain in prospect.

OIL—Consumption of gasoline running to heavy totals. Premiums being paid for Pennsylvania crude oil. Price advances in both crude and refined petroleum anticipated in many quarters.

COTTON—Market strong on reports of continued drought in Texas. Private estimates, however, suggest fair sized increase in acreage planted this year compared with last.

WHEAT—Wheat lower due to improved crop prospects and light export demand. Indications point to larger European yield though domestic winter wheat crop is considerably below last season's total.

RUBBER—Crude rubber turns strong again after reaction. Available supply extremely light. Agitation for removal of British export restrictions continues.

SUGAR—Raw and refined sugars show fair degree of stability around low levels. Large increase in production acting as restraining influence on market. Outlook for producing companies unsatisfactory.

MOTORS—Production and sales beginning to taper off as usual at this season. Some scattered price cuts noted. No general reductions anticipated, however.

TEXTILES—No improvement in cotton or woolen goods trade. Further curtailment in production. Silks active with prospect for some slight let-down in near future.

LEATHER—Shoe and leather industries moving conservatively. Hide markets firmer.

CHEMICALS—Demand for industrial chemicals rather active despite seasonal influences. Prices holding well except for end-of-season decline in fertilizers.

COAL—Industry still depressed. Slightly better demand for soft coal but prices continue to sag. Anthracite miners and operators begin wage negotiations.

SUMMARY—Business influenced largely by seasonal considerations with no very definite trend. Volume of trade large but tendency is toward irregular recession in manufacturing lines. Uncertain crop prospects lead to greater conservatism in some quarters. Commodity prices in state of relative balance. No indication of material change in general business situation.

HOW BUSINESS LEADERS REGARD THE OUTLOOK FOR THEIR INDUSTRIES

(*Continued from page* 397)

and downward swing of prices last year and early this spring. Yet instead of critizing the marketing machinery a study of agricultural conditions would show how this machinery benefited the farmer.

A world shortage seemed inevitable and the speculator, so often pointed to as serving no commendable purpose, foresaw the situation and prices marched steadily upward at a time when the farmer was bringing the bulk of his crop to market. The farmers greatly benefited accordingly. During the last six months of 1924 enormous receipts of wheat were absorbed by the exchanges without a break in prices. From July to November receipts at primary markets in the United States were 362,000,000 bushels against 221,000,000 the preceding year. In other words, the farmers dumped on the market in five months 141,000,000 bushels of wheat in excess of the normal flow.

Had the speculator and investment interests remained out of the market the farmer would have disposed of the bulk of his wheat before the true situation became apparent.

Later on when wheat economies and other steps indicated that there would be no wheat famine, prices moved downward. This decline, which came, however, when only 13 per cent of the crop remained on the farm, brought with it high criticism of the whole marketing system, demands for governmental investigations, and outcries for additional legislation that would have the effect of strangling the markets.

Some abuses are almost certain to creep into anything so vast and far reaching as the machinery used for marketing the colossal grain crop of this country. It is to the credit of the exchange, however, that over a period of years the major abuses have been completely eliminated one by one. Even a superficial study of the records will show how the grain exchange has gradually risen to a position of commendable efficiency when considered in the light of the enormous task which it is called upon to perform.

It is the aim of the exchange, however, to constantly seek a goal that is as near 100 per cent efficient as can be attained. In this connection, the exchange has for several weeks been giving deepest consideration to ways and means of preventing extreme price swings such as were experienced during the unprecedented period of last winter and this spring. These efforts will be continued until some solution is reached. Experience has taught, however, that hasty action or unwise interference with so sensitive a piece of commercial machinery as the grain market is likely to have untoward results.

The grain exchange functions under the direct supervision of the United States Department of Agriculture. This department is well aware of the genuine efforts that have been made by the exchange, and that are now being made, to eliminate any real or imaginary abuses that may exist. Through co-operation of the department of agriculture and the grain exchange it will be possible to carry out anw desired reforms in methods of exchange trading. This is the desire of the officers of the Chicago Board of Trade as well as Secretary Jardine of the Department of Agriculture.

The grain exchange is here to stay. Its importance in the world of commerce and agriculture cannot be exaggerated.

Many, many years will elapse before any new system of marketing can be developed that will properly replace the present system, for today the farmer's grain is marketed at a lower toll than exists in the marketing of any other staple food product. Leading economists of the world have referred to the Chicago Board of Trade as the most economical distributor of food products in existence.

But that does not blind us to the fact that improvement is always possible. And constant improvement shall continue to be the aim of the Chicago Board of Trade.

IMPORTANT CHANGES IN CAPITALIZATION OF LEADING COMPANIES

Actual Changes Reported Since Our Issue of June 6

(*Continued from page* 423)

MORRIS & ESSEX R. R. CO. (Leased by D. L. & W.)
June 24—Authorized: 1st mtg. 5s.......................$35,000,000
($11,582,000 of which were to reimburse the LACKAWANNA for capital expenditures.)

MURRAY BODY CORP.
July 1—Paid: to Com. Holders a Div. of 1½% in Com. Stk. shs. 3,467

NATIONAL DAIRY PRODUCTS CORP.
Jan. 15—Purchased: for cash, the business of WILLIAM OLHAVER CO., with plant located at Aurora, Ill.............$64,451
Feb. 15—Acquired: for cash, the $125,000 outstanding Com. Stk. of MOORE BROS. CO., with plants located at Oil City and Meadville, Pa.

NEW YORK, NEW HAVEN & HARTFORD R. R. CO.
July 1—Organized: the NEW ENGLAND TRANSPORTATION CO.; a subsidiary with capitalization of $1,000,000, to enter the bus transportation field.

NORTH AMERICAN CO.
July 1—Paid: to Com. Holders a Div. of 2½% in Com. Stk..$767,865

NORTHERN PACIFIC RY. CO.
June 3—Sold: eq. tr. 4½s, '26-'40.......................$3,525,000

PACIFIC GAS & ELECTRIC CO.
Between Jan. 1 and Apr. 10—Sold: Add. Com. Stk. to Customers $2,969,468
Feb. 25—Arranged to offer: Add. Com. Stk. to Customers.$2,500,000
May 29—Sold: Series "D," 1st & rfndg. mtge. 5s, '55...$10,000,000

PAIGE-DETROIT MOTOR CAR CO.
Apr. 1—Paid: to Com. Holders a Div. of 2½% in Com. Stk. shs. 15,000

PENNEY (J. C.) UTAH CORP.
July 1—Exchanged: $2,226,300 Pfd., sh. for sh., for equal principal Am't of new DELAWARE CO.

PIERCE OIL CORP.
July 2—Offered: Com. and Pfd. Holders right to receive 7.45 shs. PIERCE PETROLEUM CORP. Cap. Stk. in exchange for each Unit of 1 sh. Pfd. and 8 shs. Com...................shs. 1,200,000

ROSSIA INSURANCE CO. OF AMERICA
July 3—Offered: Cap. Stockholders right to subscribe, at $75, to 1 sh. new Cap. Stk. for each 3 held.......................$400,000

ST. JOSEPH LEAD CO.
June 20—Paid: to Cap. Stockholders a Div. of 25% in Cap. Stk. $3,876,032

SIMMS PETROLEUM CORP.
June 10—Purchased: control of the CLAYTON OIL & REFINING CO., with daily capacity of 4,500 barrels.

SOUTHERN PACIFIC CO.
May 27—Sold: Series "H," eq. tr. 4½s, '28-'40........$10,491,000

STANDARD GAS & ELECTRIC CO.
June 15—Redeemed: at 105, cv. deb. 6½s, '33, all.......$1,640,800

STANDARD OIL CO. OF N. J.
June 2—Arranged to offer: Add. Com. Stk. to Employees.$7,500,000

UNITED CIGAR STORES CO. OF AMERICA
June 30—Paid: to Com. Holders a Div. of 1¼% in Com. Stk. $431,700

UNIVERSAL PIPE & RADIATOR CO. (THE)
July 3—Offered to exchange: 2 shs. Com. for 1 sh. Pfd. (up to 10,000 shs.)
Renewed original offer to exchange: for Stk. of subsidiaries, as follows:
1 sh. Universal Com. and ⅕ sh. Universal Pfd. for 1 sh. IRON PRODUCTS Com. and ⅕ sh. ESSEX FOUNDRY Cap. Stk.
1⅗ shs. Universal Com. and ⅚ shs. Universal Pfd., or 1 sh. Universal Com. and 1 3/20 shs. Universal Pfd. for 1 sh. CENTRAL FOUNDRY 1st Pfd.
1 sh. Universal Com. and ½ sh. Universal Pfd. for 1 sh. CENTRAL FOUNDRY Ordinary Pfd.
½ sh. Universal Com. and ¼ sh. Universal Pfd. for 1 sh. CENTRAL FOUNDRY Com.

VIVAUDOU (V.), INC.
May 19—Changed par value of Com. Stk. from no par to $10.
June 5—Offered: to Com. Holders right to subscribe, at $13, to 1 sh. new Com. for each 7½ shs. held.....................$400,000

WABASH RY. CO. (See Ann Arbor R. R.)

WELLS, FARGO & CO.
June 10—Paid: liquidating Div. of $8 cash and 1/30th sh. of AMERICAN RAILWAY EXPRESS Stk.

WESTERN PACIFIC R. R. CORP.
May 12—Pfd. Stk. made cumulative to the extent of 12%.

WHITE EAGLE OIL & REFINING CO.
May 1—Sold: privately, at $26.50, Add. Cap. Stk........shs. 30,000

New York Stock Exchange

RAILS

	Pre-War Period 1909-1913 High	Low	War Period 1914-1918 High	Low	Post-War Period 1919-1924 High	Low	1925 High	Low	Last Sale June 24	Div'd $ per Share
Atchison	125⅝	90¼	111¼	75	120⅝	91⅜	127⅞	116¼	118	7
Do. Pfd.	106⅜	96	102⅛	75	96⅜	72	97¼	92½	96¾	5
Atlantic Coast Line	148⅛	102⅛	126	79⅞	152¼	77	166	147¼	159	‡7
Baltimore & Ohio	122¼	90⅝	96	88¼	84⅝	27⅝	84¼	71	76½	5
Do. Pfd.	96	77⅛	80	48¼	66½	38½	66½	62⅞	64½	4
Bklyn-Man. Transit	..	..	..	..	41⅞	9⅛	55	35⅛	52¾	..
Do. Pfd.	..	..	..	..	75¾	31⅜	81⅜	72⅞	80½	6
Canadian Pacific	283	165	220⅛	126	170⅞	101	152⅜	136½	140	10
Chesapeake & Ohio	92	51⅛	71	35⅝	98¼	46	99⅛	89¼	93¾	4
Do. Pfd.	..	..	..	..	109⅛	96	101½	105¼	†107½	6½
C. M. & St. Paul	165⅛	96⅜	107⅛	35	52⅜	10⅞	16⅜	3⅛	9	..
Do. Pfd.	181	130⅝	143	62⅛	76	18⅛	28⅛	7	15⅞	..
Chic. & Northwestern	198½	123	136⅞	35	105	45⅞	75⅜	47½	62	4
Chicago, R. I. & Pacific	..	..	45⅜	16	50	19⅛	54¼	40⅛	43½	..
Do. 7% Pfd.	..	..	94⅜	44	105	64	99¼	92	†92¾	7
Do. 6% Pfd.	..	..	80	35⅜	93¾	54	89⅛	82	†83	6
Delaware & Hudson	200	147⅛	159⅛	87	141⅛	83¼	155	133⅛	145½	9
Delaware, Lack. & W.	340	192½	242	160	260½	93	147⅜	125	141	‡6
Erie	61¼	33⅛	59½	18⅜	35⅝	7	34	26¾	27⅞	..
Do. 1st Pfd.	49⅜	26¼	54⅜	15⅛	49¼	11⅛	46⅞	35⅛	35⅞	..
Do. 2nd Pfd.	89⅛	19⅛	45⅝	13⅛	46¼	7⅛	43⅜	34¼	†33	..
Great Northern Pfd.	157⅞	115⅛	134⅜	79¼	100⅝	50⅝	71⅜	60	70½	5
Hudson & Manhattan	..	..	..	..	29¼	20⅝	32½	21¾	32¼	3½
Illinois Central	162⅛	102⅜	115	85⅝	117⅞	80⅝	119⅝	111	†113	7
Interboro Rap. Transit	..	..	..	..	39¼	9½	34½	13½	27½	..
Kansas City Southern	50¼	21⅜	35⅛	13⅛	41⅜	13	40½	28⅝	31⅞	..
Do. Pfd.	75⅛	56	65⅛	40	59½	40	59⅝	57	59½	4
Lehigh Valley	121¼	62½	87⅛	50⅝	85	39½	83⅝	69	†79	3½
Louisville & Nashville	170	121	141⅞	106	155	84⅜	117½	106	110⅝	6
Mo. Kansas & Texas	*51⅛	*17⅛	*24	*3⅛	34⅝	*⅜	40⅛	28¼	31⅞	..
Do. Pfd.	*78¼	*46	*60	*6⅛	75⅜	*2	87⅜	74¾	81½	5
Missouri Pacific	*77½	*21½	38⅛	19⅞	38⅞	8⅛	41	30⅝	32⅝	..
Do. Pfd.	..	..	64⅞	37⅛	74	22¼	83¼	71	77⅛	..
N. Y. Central	147⅝	90⅝	114⅛	62⅛	119⅜	64⅛	124⅜	113¼	116⅝	7
N. Y., Chi. & St. Louis	109⅝	90	90⅜	55	128	23⅜	137¼	118	118	6
N. Y., N. H. & Hartford	174⅜	65⅝	89	21½	40⅞	9⅝	36⅝	28	32¼	..
N. Y., Ontario & W.	55⅜	25⅛	35	17	30⅛	14¼	27⅛	20⅝	23	1
Norfolk & Western	119⅛	84¼	147⅛	92⅝	133¼	84¼	134⅝	123½	127⅞	7
Northern Pacific	159½	101¾	118⅞	75	99⅞	47⅞	71¾	58¼	67⅛	5
Pennsylvania	75⅝	53	61⅛	40¼	50	32¼	48⅞	42½	47⅜	3
Pere Marquette	*36⅛	*15	38⅛	9⅛	73	12⅛	72	61¾	61⅜	4
Pittsburgh & W. Va.	..	..	40⅝	17¾	94	21⅛	73⅞	63	70⅛	..
Reading	89⅝	59	115⅛	60⅛	108	51⅞	91¼	69⅜	85½	4
Do. 1st Pfd.	46⅜	41¼	46	34	61	32⅝	41	35⅞	38¾	2
Do. 2nd Pfd.	58¾	42	52	33¾	65⅛	33⅛	44⅝	36¼	†39⅛	2
St. Louis-San Fran.	*74	*13	50⅛	21	65	10⅜	84⅛	57½	80½	5
St. Louis Southwestern	40⅜	18⅛	32⅛	11	55⅞	10⅞	53⅜	43⅜	45	..
Seaboard Air Line	27⅛	13¼	22⅝	7	24⅛	2⅛	35¾	20⅝	30½	..
Do. Pfd.	56½	23⅛	58	15⅛	45⅛	3	48	35	41	..
Southern Pacific	139⅛	83	110	75¾	118⅛	67⅛	108⅜	97¾	99¼	6
Southern Railway	34	18	36⅜	12⅛	79⅜	24⅜	97⅞	77⅝	95	5
Do. Pfd.	86⅞	43	85¼	42	85	42	98⅜	83	86⅝	5
Texas & Pacific	40½	10¼	29¼	6⅛	70⅛	14	58⅜	43¼	47⅞	..
Union Pacific	219	137⅝	164⅜	101¼	154⅜	110	153¼	133¼	137⅞	10
Do. Pfd.	118⅛	79⅜	86	69	80	61¼	76	73¼	74⅞	4
Wabash	*27⅞	*2	17⅛	7	24⅜	6	29⅜	19½	28¾	..
Do. Pfd. A	*61¾	*6⅛	60⅛	30⅞	60⅜	17	68¼	55⅜	66¾	5
Do. Pfd. B	..	..	32⅞	18	42⅜	12¼	49⅞	38½	48⅝	..
Western Maryland	*56	*40	23	9¼	17¼	8	17⅜	11	13	..
Do. 2nd Pfd.	*88¼	*53⅛	*58	20	30½	11	26¼	16	18¼	..
Western Pacific	..	..	25½	11	40	12	55	32½	42½	..
Do. Pfd.	..	..	64	35	86½	51½	100	84½	91½	6
Wheeling & Lake Erie	*12⅞	*2⅛	27⅜	5	18¼	6	18⅛	10⅜	16¼	..
Do. Pfd.	..	..	50⅝	16⅝	32½	9¼	33½	22	29¾	..

INDUSTRIALS

	Pre-War 1909-1913 High	Low	War 1914-1918 High	Low	Post-War 1919-1924 High	Low	1925 High	Low	Last Sale June 24	Div'd $ per Share
Adams Express	270	90	154½	42	93⅛	22	103¼	90	†91	6
Ajax Rubber	..	..	89⅛	45⅛	113	4¼	15⅞	10	14½	..
Allied Chem. & Dye	..	..	..	..	91⅜	34	95⅛	80	91	4
Do. Pfd.	..	..	..	..	118⅝	83	120	117	119⅝	7
Allis-Chalmers Mfg.	10	7⅞	49⅛	6	73⅝	26½	86⅛	71½	81⅝	6
Do. Pfd.	43	40	92	32½	104⅞	67½	108	103¼	†105	7
Am. Agric. Chem.	63⅜	33½	106	47¾	113¾	7⅛	21⅞	13½	18	..
Do. Pfd.	105	90	103⅛	89⅛	103	18⅜	58	36½	49⅜	..
Am. Beet Sugar	77	19⅝	108⅛	19	103⅜	24⅛	43	36⅜	†41	4
Am. Bosch Magneto	..	..	..	..	143⅞	22⅛	54⅛	26½	34½	..
Am. Can	47⅜	6⅞	68⅛	19¼	163⅛	21⅜	194	158⅛	183⅜	‡5
Do. Pfd.	129¼	98	114½	80	119	72	121½	115	119⅝	7
Am. Car & Foundry	76½	36½	98	40	201	153½	111½	97½	99½	6
Do. Pfd.	124⅜	107½	119⅛	100	126⅛	105⅜	126	120¾	126	7
Am. Express	300	94⅜	140½	77½	175	76	166	125	135	6
Am. Hide & Leather	10	3	22⅛	2⅛	43⅛	5	14	8⅛	†10½	..
Do. Pfd.	51⅞	15⅛	94⅜	10	142⅜	29⅜	75⅞	59	70⅝	..
Am. Ice	..	..	49	8⅞	122	37	115	83	†108	7
Am. International	..	..	62¾	12	132¼	17	84	32⅛	33⅛	..
Am. Linseed Pfd.	47¾	20	92	24	113	4¼	72⅝	53	70⅛	7
Am. Locomotive	74¾	19	98¼	46⅝	136⅜	58	144⅞	104½	112¼	‡8
Do. Pfd.	122	75	109	93	122¼	96½	124	118½	†117	7
Am. Metal	..	..	..	..	55⅞	38¾	53⅜	45¾	47½	3
Am. Radiator	*500	*200	*445	*235	*345	64	105	89⅞	†94	4
Am. Safety Razor	..	..	..	..	40⅞	*3¼	59¼	36⅞	57½	3
Am. Ship & Commerce	..	..	..	..	47½	4⅜	14½	8¼	8¼	..
Am. Smelt. & Ref.	105½	56⅝	123¾	50¼	100⅝	29¼	106⅝	90⅜	102⅞	6
Do. Pfd.	116⅜	98¼	118⅛	97	109⅝	63¼	110⅝	105½	110⅜	7
Am. Steel Foundries	74½	24⅛	95	44	50	18	40	37⅝	38¼	3
Do. Pfd.	..	..	..	..	109¼	78	112	108	110	7
Am. Sugar Refining	136⅜	99⅞	126½	89⅝	148¼	36	71¼	47⅝	63⅜	..
Do. Pfd.	133⅛	110	123½	106	119	67½	101½	91	97½	7
Am. Sumatra Tobacco	..	..	145⅜	15	120½	6⅜	24½	6	†8⅜	..
Do. Pfd.	..	..	108	75	105	22½	86½	28	63	..
Am. Tel. & Tel.	153⅜	101	134½	90⅝	134⅜	92⅛	144¼	130⅝	141⅝	9

Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913		War Period 1914-1918		Post-War Period 1919-1924		1925		Last Sale June 24	Div'd $ per Share
	High	Low	High	Low	High	Low	High	Low		
Am. Tobacco	*330	*200	*256	*123	*314½	82½	96⅞	85	95¾	7
Do. Com. B	..	..	..	..	*210	81¼	96½	84½	94⅞	7
Am. Water Wks. & Elec.	..	..	..	..	*144	*4	68	34⅜	63½	1.20
Am. Woolen	40⅝	15	60⅞	12	169½	51¼	64¾	34¾	35⅝	..
Do. Pfd.	107⅞	74	102	72½	111⅞	88½	96⅛	69½	†78	7
Anaconda Copper	84⅝	27½	105⅝	24¼	77⅞	28¼	48	35¼	38⅝	3
Associated Dry Goods	..	..	28	10	140½	48	54½	49⅝	49½	2½
Do. 1st Pfd.	..	..	75	50½	94	49⅝	100	94	99⅝	6
Do. 2nd Pfd.	..	..	49½	35	102⅝	38	108	101	†105	7
Associated Oil	..	..	*78⅜	*52½	*142	24⅞	41½	32	38⅜	2
Atl. Gulf & W. Indies	13	5	147⅞	4⅛	192⅝	9¼	54¼	20	53⅞	..
Do. Pfd.	32	10	74⅝	9⅝	76½	6⅜	49⅜	31	49½	..
Atlantic Refining	..	..	..	..	*1575	78½	117½	95¼	111½	..
Austin Nichols	..	..	..	..	40⅝	8	32½	23¼	24⅝	..
Do. Pfd.	..	..	..	..	91	50⅝	93	87⅝	†90	7
Baldwin Locomotive	60⅝	36½	154½	26⅝	156⅛	62¼	146	107	110¾	7
Do. Pfd.	107⅛	100¼	114	90	118	92	116⅝	109	†101¼	7
Bethlehem Steel	*51⅝	*18⅜	155½	59⅜	112	37⅝	53½	37	38	..
Do. 7% Pfd.	80	47	186	68	108	87	102	93¼	94½	7
Do. 8% Pfd.	..	..	110⅛	92½	116⅝	90	116¼	109	†111½	8
Brooklyn Edison Electric	124	123	131	87	124⅝	82	140⅝	120⅝	134½	8
Brooklyn Union Gas	164½	118	138⅝	78	128	41	91⅝	75½	88¼	4
Burns Brothers	45	41	161½	50	147	76	109½	92½	104	10
Do. B	..	..	..	..	53	19⅝	30	17	28	2
Butte & Superior	..	..	108¼	12¾	37⅞	8	24¼	6½	12	1
California Packing	..	..	50	30	106¼	48¼	118	100½	113	6
California Petroleum	72½	16	42⅝	8	71⅞	15¾	32⅞	23⅞	28⅞	1.75
Do. Pfd.	95½	45	81	29½	110½	63	123	100	†119⅝	7
Central Leather	51⅝	16½	123	25⅞	116½	9⅝	21⅝	14⅜	17⅞	..
Do. Pfd.	111	80	117½	94⅝	114	28½	66	49¼	†58½	..
Cerro de Pasco Copper	..	..	55	25	67⅛	23	55½	43⅛	51⅜	4
Chandler Motor	..	..	109⅞	56	141¼	26⅞	39⅜	28½	35½	3
Chile Copper	..	..	39¼	11¼	38⅝	7	37⅞	30½	33⅜	2½
Chino Copper	50⅝	6	74	31⅝	50⅞	14	28⅜	19	†20	..
Coca Cola	..	..	..	..	83⅝	18	122½	80	116⅛	7
Colorado Fuel & Iron	53	22½	66½	20½	56	20	48¼	32¼	40⅜	..
Columbia Gas & Elec.	..	..	54⅝	14¼	114⅞	30¼	69¾	45⅜	64½	2.60
Congoleum-Nairn	..	..	..	..	*184⅝	32⅞	43½	25	25⅞	3
Consolidated Cigar	..	..	..	..	89	11⅝	44½	26½	39¼	..
Consolidated Gas	*165¼	*114½	*150½	*112½	*145⅜	56⅜	89½	74½	86⅞	5
Continental Can	..	..	*127	*37⅞	*131⅜	*34⅜	70½	60½	64½	4
Corn Products Refining	26½	7⅝	50½	7	100½	31½	41⅝	32⅜	34¼	2
Do. Pfd.	98⅛	61	113⅛	58⅛	123⅝	96	124½	118⅛	†125	7
Crucible Steel	19⅝	6⅛	109⅞	12¼	278½	48	97⅞	64½	66	4
Cuba Cane Sugar	..	..	76⅝	24⅞	59⅝	8⅝	14⅝	10⅜	12⅜	..
Do. Pfd.	..	..	100¼	77¼	67⅞	13⅛	62⅝	47⅞	52½	..
Cuban-American Sugar	*58	33	*273	*38	*605	10⅞	33½	27	28¾	3
Cuyamel Fruit	..	..	..	..	74½	45⅛	59	50	54¾	4
Davison Chemical	..	..	..	..	81¼	20⅝	49¾	27⅞	35½	..
Dupont de Nemours	..	..	..	..	169⅝	105	162½	134¼	178	10
Eastman Kodak	*No	Sales	*605	*605	*690	70	118	104⅞	107⅞	‡5
Electric Storage Battery	*64¼	*42	*78	*42⅛	*153	37	70⅝	60⅜	64	4
Endicott-Johnson	..	..	..	..	150	44	72	63¾	†65½	5
Do. Pfd.	..	..	..	..	119	84	116¾	112½	114	7
Famous Players-Lasky	..	..	..	..	[illegible]	[illegible]	108½	90⅛	103¼	8
Do. Pfd.	..	..	..	..	108½	66	117⅞	103⅞	†114	8
Fisher Body	..	..	43	25	240	75	75	60¼	70	5
Fisk Rubber	..	..	..	..	55	5⅛	20	10½	18	..
Do. 1st Pfd.	..	..	..	..	86	38⅛	105⅛	75½	100¾	4
Fleischmann Co.	..	..	..	..	90¼	37⅜	87	75	84	4
Foundation Co.	..	..	..	..	94⅝	58½	118¾	89½	118½	8
Freeport-Texas	..	..	70½	25⅞	64⅝	7⅛	18⅞	8	17⅛	..
General Asphalt	42⅞	15⅛	39⅜	14¼	160	23	63¾	42½	52¾	..
General Cigar	..	..	..	..	98⅝	47	101¾	84½	†87	8
General Electric	188½	129¾	187¼	118	322	100½	320	227¼	283⅜	8
General Motors	*51¾	*25	*850	*74½	66⅞	*8¼	81	64⅜	80⅜	6
Do. 7% Pfd.	..	..	..	..	103⅛	95⅛	113¼	102	113¼	7
General Petroleum	..	..	..	..	45	25⅜	59	42	58	2
Goodrich (B. F.) Co.	86⅛	15⅛	80¼	19⅞	93⅜	17	55½	36¾	52	..
Do. Pfd.	109⅜	73⅝	116⅜	79⅞	109⅛	62⅛	99⅞	92	†97⅝	7
Goodyear T. & R. Pfd.	..	..	..	..	90⅝	35	103⅞	86⅛	101⅝	7
Do. prior Pfd.	..	..	..	..	108⅛	88	107¼	103	104¼	8
Granby Consolidated	78¼	26	120	58	80	12	21¼	13	†14¼	..
Great Northern Ore Ctfs.	38½	25½	50⅜	22½	52⅜	24⅞	40½	27¼	27½	1
Gulf States Steel	..	..	137	68⅜	104⅝	25	94⅞	67½	79⅞	5
Hayes Wheel	..	..	..	..	52⅝	31	43¼	30	37	3
Houston Oil	25¼	8¼	86	10	116⅛	40½	85	59	74½	..
Hudson Motor Car	..	..	..	..	36	19½	65¾	33¾	63¾	3
Hupp Motor Car	..	..	11⅜	2⅛	29½	4⅝	20¼	14¼	19⅛	1
Inland Steel	..	..	..	..	48⅜	31⅛	50	38¾	†40	2½
Inspiration Copper	21⅝	13⅞	74⅜	14¼	66⅞	22⅛	32¾	22¼	26	.50
Inter. Business Mach.	..	..	52⅝	24	118⅞	28¾	126¾	110	123	8
Inter. Combustion Eng.	..	..	..	..	39	19⅝	45¼	31¾	42¾	2
Inter. Harvester	..	..	121	104	149⅝	66⅝	114¼	96¼	†108¼	5
Inter. Merctl. Marine	9	2⅛	50⅝	⅝	67¾	4⅞	14⅞	7¼	7¾	..
Do. Pfd.	27⅝	12⅛	125⅝	8	128½	18½	52⅝	30⅝	31	..
Inter. Nickel	*227¼	*135	57½	24½	33⅞	10⅝	31¼	24	29⅝	..
Inter. Paper	19⅜	6⅛	75⅛	9⅛	91⅜	27⅞	74⅝	48¼	66¼	..
Kelly-Springfield Tire	..	..	85¼	36⅝	164	9⅝	19½	12¼	18⅜	..
Do. 8% Pfd.	..	..	101	72	110¼	33	69	41	67	..
Kennecott Copper	..	..	64⅛	25	57¾	14⅝	57¾	46½	50¼	3
Kinney (G. R.) Co.	..	..	..	..	86¼	35½	87¾	72	80	4
Lima Locomotive	..	..	..	..	74⅞	52	74⅝	60	60	4
Loew's, Inc.	..	..	..	..	38⅝	10	31⅝	22	28½	2
Loft, Inc.	..	..	..	..	28	5⅛	9⅝	6	7½	..
Lorillard (P.) Co.	*215½	*150	*239⅞	*144½	*245	33⅝	36¼	30¼	†34¼	3
Mack Trucks	..	..	..	..	170	25½	185⅝	117	177	6
Magma Copper	..	..	..	..	45⅝	26⅛	44¼	34	40	.75
Mallinson & Co.	..	..	..	..	45	8	37½	21⅝	25¾	..
Maracaibo Oil Explor.	..	..	..	..	37⅛	16	35⅛	25¼	27½	..
Marland Oil	..	..	..	..	59⅝	12⅛	46¼	32⅝	44	3
Maxwell Mot., Cl. A, Ctfs.	..	..	..	..	84⅛	36	119⅛	107⅛	†114¼	..
Do., Class B, Ctfs.	..	..	..	..	39¾	8	126	77⅛	117	..

(Please turn to next page)

New York Stock Exchange
Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913 High	Low	War Period 1914-1918 High	Low	Post-War Period 1919-1924 High	Low	1925 High	Low	Last Sale June 24	Div'd $ per Share
May Department Stores	*88	*65	*97½	*35	*174¾	*60	128¾	101	113	5
Mexican Seaboard Oil	..	..	..	..	34⅛	5⅜	22½	11⅛	14⅞	..
Miami Copper	30⅛	12⅜	49¾	16½	32¾	14½	24⅜	8	8¾	1
Montgomery Ward	..	..	..	..	48½	12	55⅝	41	52¼	..
National Biscuit	*161	*96½	*129	*79⅞	*270	35⅜	75	65	†68½	3
National Dairy Prod.	..	..	..	..	44½	30⅛	58⅞	42	56¼	3
National Enam. & Stamp.	30⅛	9	54½	9	39½	18½	36⅞	25	†30	..
National Lead	91	42½	74⅝	44	169¼	63½	166⅞	138½	148	8
N. Y. Air Brake	98	45	136	55⅞	145¾	26⅜	56½	42⅜	†43¾	4
Do. Class A	..	..	..	..	57	45⅛	57½	51	†51½	4
N. Y. Dock	40⅛	8	27	9¼	70⅜	15¼	31⅛	18	†26	..
North American	*87⅞	*60	*81	*38⅜	*119½	17½	50⅜	41⅛	48¾	3.40
Do. Pfd.	..	..	..	..	50¼	31⅞	50⅜	46⅝	49⅞	3
Pacific Oil	..	..	..	..	69⅜	27½	65¼	52⅛	58	3
Packard Motor Car	..	..	..	..	21	9⅞	30⅜	15	29⅞	‡1.20
Pan.-Am. Pet. & Trans.	..	..	70¾	35	140¼	38⅛	83⅞	64	78⅞	6
Do. Class B	..	..	..	..	111¾	34⅛	84½	63⅜	78⅜	6
Philadelphia Co.	50⅛	37	48⅞	21⅛	57⅛	26½	59⅞	51⅛	58⅞	4
Phila. & Reading C. & I.	..	..	..	..	54⅛	34½	52½	37¾	39	..
Phillips Petroleum	..	..	..	..	69⅜	16	47⅛	36⅛	44½	2
Pierce-Arrow	..	..	65	25	99	6⅛	34⅞	10⅞	30¾	..
Do. Pfd.	..	..	109	88	111	13½	86	43	79⅛	..
Pittsburgh Coal	*29⅜	*10	58⅜	37½	74⅜	45	54½	37⅛	47½	..
Postum Cereal	..	..	..	..	134	47	118⅞	93¼	115⅜	4
Pressed Steel Car	56	18½	88¼	17¼	113¾	39	69	45	45¼	..
Do. Pfd.	112	88½	109⅛	69	106	67	92½	79	†78	7
Pub. Serv. N. J.	..	..	..	..	70	39	74	62⅜	68	5
Pullman Company	200	149	177	106½	151⅜	87¾	151¾	129	139	8
Punta Alegre Sugar	..	..	51	29	120	24¾	47¼	38¾	†40½	5
Pure Oil	..	..	143⅞	31⅞	61⅞	16¼	33¾	25⅜	30	1½
Radio. Corp. of Am.	..	..	..	..	66⅞	25⅝	77⅞	48⅜	51¾	..
Railway Steel Spring	54½	22⅛	78½	19	137½	67	141¾	122½	123	8
Do. Pfd.	113⅜	90¼	105½	75	121½	92½	120	114¼	†117	7
Ray Consol. Copper	27⅛	7⅛	37	15	27⅛	9⅞	17⅜	11⅜	12⅜	..
Replogle Steel	..	..	..	..	93½	7¼	23¼	12⅝	13	..
Republic Iron & Steel	49½	15⅜	96	18	145	40⅛	64⅜	42½	†44½	..
Do. Pfd.	111¼	64½	112⅝	72	106¾	74	95	86	†85	7
Royal Dutch N. Y.	..	..	86	56	123⅜	40¾	57⅞	48⅛	52¼	4.42¼
Savage Arms	..	..	119⅜	39⅞	94½	8⅞	108¾	54	56	..
Schulte Retail Stores	..	..	..	..	129¼	88	116⅞	108	109½	§8
Sears, Roebuck & Co.	124¾	101	233	120	243	54¼	174¼	147½	†168½	6
Shell Trans. & Trading	..	..	..	..	90¼	29⅛	45⅜	39⅜	42¼	2.06
Shell Union Oil	..	..	..	..	22½	12⅛	28⅜	22½	24	1.40
Simmons Company	..	..	..	..	37	22	44⅛	31¼	44	2
Simms Petroleum	..	..	..	..	24	6⅛	26⅜	19⅛	24⅜	1
Sinclair Consol. Oil	..	..	67⅛	25¼	64¼	15	24⅞	17	22⅛	..
Skelly Oil	..	..	..	..	35	8⅜	30⅛	21⅜	28	..
Sloss-Sh. Steel & Iron	94⅝	23	93¼	19⅛	89	32⅛	97	80¼	83¾	6
Standard Oil of Calif.	..	..	..	..	135	47⅛	67⅛	56⅝	59⅛	2
Standard Oil N. J.	*448	*322	*800	*355	*212	30⅞	47⅛	38⅜	44½	1
Do. Pfd.	..	..	..	..	119⅛	100⅛	119	116⅝	116½	7
Stewart-Warner Speed	..	..	*100½	*43	*181	21	77⅞	55	67	5
Stromberg Carburetor	..	..	45¼	21	118¼	22⅜	79⅞	61	65	6
Studebaker Company	49½	15⅝	195	20	151	30½	49	41¼	46⅛	4
Do. Pfd.	98⅛	64½	119⅛	70	118¼	78	118¾	112	†117	7
Tennessee Cop. & Chem.	..	..	21	11	17⅛	6¼	11⅞	7⅝	11	..
Texas Co.	144	74½	243	112	57⅜	29	54⅜	42⅜	51¼	3
Texas Gulf Sulphur	..	..	..	..	110	32⅜	113¾	97½	110½	‡7
Tex. & Pac. Coal & Oil	..	..	..	..	195	5½	23⅜	11½	15¾	..
Tide Water Oil	..	..	225	165	275	94	152	122	†143	4
Timken Roller Bearing	..	..	..	..	45	28⅛	44⅛	37⅜	40⅝	‡3
Tobacco Products	145	100	82⅜	25	115	45	82⅛	70	82⅛	6
Do. Class A	..	..	..	..	93⅛	76½	102⅛	93⅛	101⅞	7
Transcontinental Oil	..	..	..	..	62⅜	1⅛	5⅞	3⅞	4⅞	..
Union Oil of Calif.	..	..	..	..	39	35	43⅜	36⅛	38½	1.80
United Cigar Stores	..	..	*127⅞	*8⅜	*255	42½	89	60¼	89	§3¼
United Drug	..	..	96⅜	64	175½	46⅛	127⅞	110⅞	122⅞	6
Do. 1st Pfd.	..	..	54	46	58⅛	36⅜	56	52	†54¾	3½
United Fruit	208½	126½	172	105	224⅞	95⅜	231	204⅞	215½	10
United Ry. Investment	49	16	27½	4¼	41	6	33⅛	18⅛	31	..
Do. Pfd.	77	30	49¼	10½	64⅞	14	61	48½	81	..
U. S. Cast I. Pipe & F.	32	9¼	31⅞	7⅜	169⅜	10¼	250	131¼	155¾	..
Do. Pfd.	84	40	67½	30	104¼	38	112½	98	98	7
U. S. Indus. Alcohol	57¼	24	171½	15	167	35⅛	94⅝	76	85⅜	..
U. S. Realty & Imp.	87	49⅜	63⅜	8	143½	17⅛	147⅞	114½	†127½	8
U. S. Rubber	59½	27	80⅛	44	143⅜	22½	48⅝	33½	46⅛	..
Do. 1st Pfd.	123½	98	115¼	91	119½	66½	102⅜	92⅜	102½	8
U. S. Smelt., Ref. & Min.	59	30⅜	81½	30	78¼	18⅜	39	30	†34⅜	3
U. S. Steel	94⅞	41¼	136⅝	38	121	70¼	129⅝	112⅝	115⅜	‡5
Do. Pfd.	131	102½	123	102	123½	104	126⅝	122⅛	124	7
Utah Copper	67½	33	130	48½	97⅛	41⅛	92	82	83	4
Vanadium Corp.	..	..	..	..	97	19⅜	31¾	25⅝	27¼	7
Western Union	86¼	56	105½	53⅜	121¼	76	135	116¼	132½	7
Westinghouse Air Brake	141	132½	143	95	124½	76	114	97	†101	6
Westinghouse E. & M.	45	24⅜	74⅞	32	71⅜	38⅞	84	66¼	71	4
White Eagle Oil	..	..	..	..	34	20	31¾	25⅝	28	2
White Motors	..	..	60	30	86	29¼	76	57⅛	72⅛	4
Willys-Overland	*75	*50	*325	15	40⅛	4½	24½	9⅛	19¼	..
Do. Pfd.	..	..	100	69	98¼	22	111	72⅛	102½	7
Wilson & Co.	..	..	84¼	42	104⅞	4½	13⅜	5½	5⅜	..
Woolworth (F. W.) Co.	*177⅞	*76½	*151	*81½	*345	72½	138¾	112¼	134¾	3
Worthington Pump	..	..	89	23½	117	19⅞	79⅜	36¾	39	..
Do. Pfd. A	..	..	100	85⅝	98½	65	88	79	†77	7
Do. Pfd. B	..	..	78⅜	50	81	53¼	76½	65	†65¼	6
Youngstown Sh. & Tube	..	..	..	..	80	59⅜	76½	63	†64¼	4

* Old stock. † Bid price given where no sales made. ‡ Not including extras. § Payable in stock. ¶ Partly stock.

ETERNAL VIGILANCE IS THE PRICE OF DIVIDENDS

(*Continued from page* 425)

change in respect to (1) management and (2) industry, as outlined above, and you think you are done. But are you?

Who can say what America's position in world-markets will be those 25 years from now? It took only ten short years for the United States to develop from a debtor to a creditor nation; and back of that colossal shift lies the basis for most of the prosperity we enjoy today. May not some other nation shift into our position, no less expectedly, and with no less injury to us?

Sleepy Investors Doomed

And so it goes. The subject could be developed almost infinitely.

Perhaps enough has been said, however, to drive the main point home, and make our meaning clear:—

Industry, like civilization itself, is built upon shifting sands.

It is the man who keeps constantly in touch with conditions—who changes as they change—who will ride through safely.

The "sleeping investor" or the "one idea" investor seems doomed.

MAKING SAVINGS EARN MORE

(*Continued from page* 429)

tion, of course, will be to select investments savoring too much of the speculative, in order more quickly to attain the desired end. The Income Builder should abstain from this—he should make his motto, "Safety first, and a good chance for profit also." There are plenty of securities of the nature of those suggested, some slightly safer and with less chance of big profits, some carrying about the same risk with perhaps greater or less chance of profits from an increase in market value.

While convertible bonds and convertible preferred stocks seem to the writer to offer the best *media* for this type of investment, yet there are many common stocks, or preferred stocks entitled to share with the common stocks in excess earnings, of companies so thoroughly established that they are nearly as safe as a bond, and if the Income Builder is willing to take the slightly increased risk and has facilities for making good selections, these stocks offer an additional field from which to make selections. The class of stocks referred to might be best illustrated by the naming of examples, such as Westinghouse Electric among the industrials, Philadelphia

Company among the public utilities, and Atchison Railroad among the railroads, each of which stands a good chance of ultimately selling at higher prices and each of which seems reasonably safe and gives a fair yield at present dividend rates.

Of course, in making investments according to this plan, careful consideration must be given to the selection of the securities purchased, and the general rules which apply in making all investments must be observed; especially, one should seek to obtain as great diversification as possible.

ANSWERS TO INQUIRIES

(*Continued from page 432*)

we suggest a switch to Philadelphia Company which at present levels of 58 yields 6.9%.

SIMMS PETROLEUM

Switch Suggested

I have 100 shares of Simms Petroleum stock which I bought about 1920 at $60 a share. The stock was on the New York Curb then. In 1923 I bought 100 more at $10 to average down my price, but I am still far from seeing day-light although the company is beginning to pay dividends. Do you think it would be a good idea to sell the shares that cost me $10 and make sure of that much recovery from my original purchase.—P. A. C., San Francisco, Cal.

We consider the outlook for the oil industry to be satisfactory at this time, but Simms Petroleum in our opinion should be rated as a decidedly speculative issue. While it has a substantial production, this is largely concentrated in a few districts and it is questionable how long it can be maintained. We believe a sounder policy on your part would be to select the stock of an oil company that has a well rounded organization with marketing facilities and well diversified holdings of oil lands. Texas Company and Pure Oil are stocks of this class and by switching into these issues we feel that your risk would be materially lessened and you would still have good prospects of your principal showing appreciation in value.

TEXAS COMPANY

Enjoying Record Business

Would you advise me to increase my holdings of Texas Company around the present price? I have 30 shares that average me about 40 but could increase this if the situation justifies me.—L. J. B., Detroit, Mich.

Texas Company is one of the largest and strongest oil organizations in the country. It is a complete unit, refining and distributing all of its own products. Earnings at the present time are at a record breaking pace due to the fact that the company is not only selling refined oils it is currently making but is also selling inventories at prices much higher than book value. Unofficial estimates are to the effect that profits for the first four months of this year were about sufficient to

cover the full year's dividends of $3 a share. We consider Texas Company one of the most attractive oil stocks on the list but for purpose of diversification we suggest that instead of purchasing any more Texas you purchase Phillips Petroleum which is also a strong organization and is in a particularly favorable condition due to its large output of gasoline.

AMERICAN ICE

Switch Suggested

How much higher do you think American Ice will go and do you think the dividend is likely to be increased? I bought the stock at 45 in 1920 when it began paying dividends at 4 per cent. I could have sold out in the next year or so around 120 but while the dividend has not been affected the stock has since declined and recovered 50 points. I do not want to see another opportunity for profit go by.—M. C. E., Milwaukee, Wis.

While business of American Ice has been satisfactory recently due to the warm spell this is only a temporary matter and not necessarily a sound reason for holding the stock. A development of the past year which may adversely affect American Ice in the future is the remarkable increase in sales of ice-making machines for industrial concerns as well as the private home. Several strong companies have entered this business on a large scale and while it may not immediately affect the earnings of American Ice the possibility exists that it will cut into its business considerably in the future. In our opinion it is advisable to take your profits in this stock and purchase instead International Harvester selling around 108. The latter company is now facing much better conditions in its industry and we anticipate that material appreciation in value will be witnessed in the next few years.

NEW YORK DOCK

Owns Valuable Property

About three years ago I bought 20 shares of New York Dock at 43, but cut the cost a year later by buying 20 more at 27. Do you think I will ever get out even or with a profit on my investments?—M. C. W., Boston, Mass.

New York Dock Company owns valuable property on the Brooklyn water front and there is a possibility that this will ultimately be sold at a price that will be very beneficial from the viewpoint of common shareholders. Earnings of the company fell off rapidly with the close of the war, due to the unfavorable conditions that prevailed in the shipping industry. A short time ago the company was successful in having its property revalued for tax purposes and as a result the total refund from the city, including savings of tax payments this year will amount to a sum equivalent to about $3 a share on the common stock. Current earnings have been running at a rate slightly less than in 1924, when 70 cents a share was earned on the common. While earnings are unsatisfactory, there is undoubtedly sound value behind the common shares and we believe if you

are willing to exercise patience that ultimately you will be able to sell out to better advantage than at present.

PAIGE-DETROIT

Jewett Coach Increased Its Sales

I would appreciate your opinion regarding Paige-Detroit Motors which I recently bought at 19 on the advice of a friend.—K. S. M., Chicago, Ill.

Earnings of Paige-Detroit have materially improved this year because of large sales of the new model, Jewett Coach, which was brought out at an attractive price. Earnings for the first six months are expected to show over $3 a share on the stock, which compares with $2.37 a share for the entire 1924 year. We believe the stock has good speculative possibilities.

SEARS- ROEBUCK

Reasons for Advance

What would be your advice regarding 50 shares of Sears-Roebuck which I bought in 1923 at 81? It is hard to resist taking so attractive a profit. Why does the stock sell so high when it pays only $6 a year?—D. A. B., Washington, D. C.

The extensive advance enjoyed by Sears Roebuck stock in the past year appears fully justified by the favorable development in the company's affairs. The company's recovery in earning power since the post-war deflation has been truly remarkable. In 1921, loss from operations was 16.4 millions, 1923 profits were 11.5 millions and indications are that in the current year profits will exceed 20 millions. Since 1920, the company has paid off 50 millions of serial notes, retired 8 millions preferred stock at 125 and bought in 5 millions of common stock. As a result there are now no securities ahead of the common. In view of the strong financial condition and steadily increasing business, common shareholders can confidently look forward to greater returns in the future and this accounts for the high level of the stock, although only $6 a share is now being paid. Our advice is that you continue to hold it.

EUROPE MOVING TOWARD NEW CATASTROPHE

(*Continued from page* 392)

ly interesting report published by the "League of the Rights of Men." This report states that "not only has the old German General staff been re-established, but that the 596 companies of the official Reichswehr can all be transformed into full regiments when they are made up to war strength from the secret societies which are regularly called up for training as reserves.

"The report points out that the truth of this statement is amply proved by the recent pontoon disaster on the Weser when 70 men were drowned, the majority of them being members of

patriotic societies called up for training as engineers. It goes on to allege that these societies have a membership of 400,000 young men, all of whom have undergone illegal training as soldiers.

"The German war budget of 1925 shows that the estimates for the various branches of the Reichswehr are far in excess of the normal and that the money voted for the services of the commander-in-chief is as high as before the war when the German army was 800,000 strong, while the estimates for the engineers and for fortifications are actually nine times as high as the figures for 1913."

As one banker said to me, "Germany has the largest standing army of any country in the world."

Another traveler and observer of European conditions from beneath the surface, reminded me of this: "You remember when the Armistice was signed, Germany had 8,000,000 men in the field? Well, those men have not all died as yet."

Preparing for War?

A friend of ours who in times of military activity does a very large business in certain forms of military equipment, and is therefore in touch with the undercurrents of political and military circles from the North Sea to the Mediterranean, said: "My business was very dull since the Armistice until the past several months, when it began to pick up rapidly. There is no doubt in my mind that another war is in the making. It will probably be touched off just as the other one was, in the Balkans, which are, at this very moment, in a highly volcanic state.

"Russia and Germany are working hand in hand. The German army officers and engineers are manufacturing munitions and airplanes in Russia. The Allies cannot interfere with them there. A handful of men control the industrial and political situations in Russia.

"The scene of coming military activity will be Poland. The jaws of Germany and Russia will snap together, and there will be no more Poland. You can readily see how the Polish geographical position lends itself to such a plan. War will come probably within a year, but I hardly see how it can be delayed more than two years."

Germany's Economic Invasion of Holland

The London papers of May 24th described Germany's aggressive undertaking to convert Holland into a sally port, giving her free access to the Channel and the North Sea, which she would have had through Antwerp and the Scheldt if she had been the victor of the Great War.

It is admitted that German finance, commerce and industry are systematically taking possession of Holland. It is estimated that some 300,000 Germans are registered on the consular's list as

residents in Holland, which has a population of about 8,000,000.

London Has No Real Defense Against Airplanes

At Cambridge, Sir Hugh Trenchard, chief of the Air Staff of England, and reputed to be the strongest mind and character devoted to air fighting in the war, gave a grim summary of the case, according to *The Manchester Guardian* of May 8th:

"Sir Hugh Trenchard believes that more bombs could now be dropped on London in one day than were dropped on it in the four years of the Great War. They would, too, be bombs of a far more lethal and generally destructive character. And he does not conceal his belief that, however strong we may be in the air, we could not prevent this visitation."

In the May number of the *English Review* Colonel Lockwood Marsh says: "There is the anti-aircraft gun; the balloon 'apron'; and the fighting aeroplane. The anti-aircraft gun can certainly inconvenience assailants. But it can never keep them off if they have determination. Military and naval gunners do miracles in scoring hits on distant targets which may be moving in two planes. But where the target can move in three planes, as an aeroplane does, the limits of practicable miracle are passed and a hit becomes more of a fluke than of a feat. Even the most elaborate air barrage can never build so dense a wall of shellbursts across the air that a nimble airman will have less than an even chance of flying safely through it. Then there is the balloon apron, first used in 1917—a chain of kite balloons, connected to each other by cables, with wires hanging down from the cables at short intervals, to entangle the propeller of any airman flying through. But cables and wire are heavy, and so no apron can be rigged high enough to make an insurmountable aerial wall around a city. Thus there remains only the third mode of defence—by fighting aircraft, sent out to attack the raiders in the air. . . . There is no effective defense against well-organized air attack properly pushed home by determined raiders.

"For Sir Hugh Trenchard a position of great responsibility perhaps renders it difficult to speak as sweepingly. But there can be no doubt what is in his mind. 'While the aeroplane,' he said, 'was the most offensive weapon that had ever been invented, it was a shockingly bad weapon of defense against the aeroplane.'"

"With effectual self-defense so far past hope," says 'The Manchester Guardian,' "it looks as if any future war between great Powers must take the form of an immediate and enormous competition in the destruction of civilian life and property, each State trying desperately to quell and numb the enemy nation's will be the approach of extermination before a similar process of depopulation has broken the spirit of its own. Any available air

forces would so obviously go farther in offense than in defense that defense would scarcely be attempted; the only hope of victory would lie in superior powers of inflicting national attrition by bomb-fire, poison and incendiarism; and capital cities would be left at the mercy of countless enemy bombers because every plane capable of leaving the ground would be employed to the greatest military advantage in killing every soul in some open enemy town."

Some Questions for American Investors

Some readers may regard all of the above as very sketchy, but it has not been our purpose to do any more than to call attention to certain statements expressed by those in Europe who are in a position to know.

The American government is a creditor of leading European nations to the extent of over 10.5 billions. American investors have bought European government, municipal, industrial, railroad and other bonds and securities to an extent of an additional 5 billions. There are roughly 3 billions in acceptances and commercial credit extended to European merchants and others who were desirous of securing our raw and other materials. These items total something like 18.5 billions, representing roughly the amount which Europe is indebted to America.

In ordinary banking practice it is customary for the lender to ascertain the credit standing, assets and earning power of those who wish to borrow. To what extent do our readers believe this practice has been carried out in America's advances to Europe?

While there may be many millions of Americans not capable of grasping the situation above referred to and the questions hereunder asked, we feel that the readers of this magazine are able to reason out for themselves what they wish to do under these circumstances. In this connection these queries also come to mind:

Is the world entering a period of fierce international rivalry and competition?

Is Great Britain only the first to feel the serious effect of this?

Is Germany, by reason of her low wages, in a position to undersell other large producing nations and thus lead to unfortunate trade and employment situations, such as are now prevalent in England?

Is it likely that with the staggering debt the European nations have to face they will leave any stone unturned to shut out imports and to facilitate their own exports in order to avoid actual repudiation of obligations?

Is it reasonable for the American investors to disregard entirely, as they seem to be doing, the possibility of war?

Where is the man who can accurately predict just what will happen in European politics?

Should American investors go on lending into a situation like that in Europe, where the borrowers will con-

tinue to borrow as long as the lenders are willing?

Is it not well to bear in mind that Europe has not, as a whole, liquidated any part of its debt to America, but instead is increasing this debt at the rate of a billion dollars' worth of bonds and similar obligations per annum, to say nothing of commercial credits?

These and other vital questions are well worth pondering.

HOW AN INVESTMENT SYNDICATE OPERATES

(*Continued from page 403*)

only 2% on his turnover would consider himself very badly used.

Having agreed upon the price, the banking house, if the issue is large, will take several other houses into the proposition. Let us say that the proposition is the underwriting of $50,000,000 first mortgage bonds at 95. The banking house may take others into the deal on the "ground floor" in order to distribute the risk. If it takes them in at a higher price the original banking firm always states to the others that it is making a profit on the transaction but does not consider it necessary to state the amount of the profit. The syndicate as now constituted may consider it advisable to form a second syndicate which is known as the "buying group." The latter, consisting of well known firms throughout the country, will subscribe for the issue at, say, 96. A third group, known as the distributing syndicate is next formed and this group is the one which sells the issue to the public. The distributing syndicate will pay, perhaps, 97 for the issue. The original underwriters, if they are retailers as well as wholesalers will have a substantial interest in both the second and third groups. If wholesalers, they will be interested in only the original syndicate.

The distributing group contracts to offer the issue at one price, say 100, and at that price it is advertised in public prints throughout the country. It is considered a heinous offense for a distributor to sell at below the fixed price and infractions of the agreement meet with swift punishment wherever it is possible to detect the offender. It is the duty of the syndicate manager to support the market during the life of the syndicate and losses incurred on bonds bought back are charged to the distributors who sold those particular bonds. Before the syndicate has expired it is expected that a normal demand will have been developed for the security and that the market will require no further banking support. If the issue is sound and the times propitious, this usually happens. Then the syndicate dissolves, profits are divided and the security left to take care of itself in the open market.

The Secondary Market

The moral responsibilities of the original underwriters and the distrib-

ators do not end, however, with the end of the syndicate. The original underwriters have put their names behind the security and it is up to them to do everything in their power to promote the success of the company. With this purpose in view the banking firm usually has a representative on the board of directors of the company and stands ready to act as banker if times get tight. The company may require a temporary loan of, say, $1,000,000 in a period of money stringency. The original underwriter will either put up the money or arrange for some bank to make the loan. Big banking firms can obtain accommodations for a company much more readily than small banking firms. That is one reason why a company which sticks to one banker is much better off than a company which shops all around the Street.

Every large offering of merit is accompanied by considerable speculation. Throughout the country there are hundreds of investors who buy with the intention of holding the issue for a week or two and then selling out at a profit. These are called "sharp-shooters" and they are cordially detested by all bond houses. But it is not always possible to tell whether an investor is a sharp-shooter or whether he is forced to sell because of unfavorable developments in his own affairs. A reputable bond house does not like to lose a client and it does not like to see "dumping" of issues in which it is interested, as that creates an unfavorable impression among other clients who have bought the issue. Therefore the bond houses take care of resales on the part of clients until the issue is firmly lodged in investment hands. This reselling is known as the "secondary market" and is equally important, if not more so than the original selling.

Undivided and Divided Accounts

In the foregoing we have sketched a typical syndicate operation. We shall not attempt in this article to go into the multifarious details of syndicate operations as the subject is well-nigh inexhaustible. It should be said, however, that syndicates, generally speaking, are divided into two classes, those of undivided accounts and those of divided accounts. In order to make this distinction clear let us suppose that banking house A goes into a $10,000,000 syndicate, undivided account, to the extent of $200,000. A's interest in the whole syndicate is 2%. The firm A sells $200,000 bonds, takes them down and distributes them to the purchasers. When the syndicate dissolves, however, there are $1,000,000 bonds unsold. A must take up 2% of the unsold bonds or $20,000, under the terms of the undivided account syndicate agreement.

In the divided account, A's liability to take up bonds would have ended when A took up and disposed of the $200,000 for which A subscribed. Wholesalers of securities almost always operate undivided account syndicates, while those who are both wholesalers and retailers operate divided account

syndicates. The reason for this is obvious. The wholesaler has no retail distributing organization and in a divided account syndicate there is no incentive for the members to sell any more than their exact quotas. If several members were unable to sell their quotas the unsold bonds would be left in the hands of the wholesaler and might prove embarrassing. In an undivided account every participant sells all he can and the strong sellers make up for the deficiencies of the weaker sisters.

"Guaranteed for Investment"

Discussing the problems which confront syndicates the syndicate manager of one of the largest wholesale and retail distributors in the financial district said to the writer:

"The sharpshooter and the 'guaranteed for investment' sale are two of the most vexatious problems with which we have to contend. The latter case is where a distributor which receives a block of bonds at, say 98, cuts the price by the guaranteed sale method. The distributor finds that the issue is not going well and in order to clear his shelves will offer a block to an investor at a point or even two points under the agreed sales price. In return for this concession the buyer guarantees that they will not come back on the market during the life of the syndicate. Whenever we find a distributor cutting prices by such methods we take summary action, but guaranteed sales are difficult to discover unless the buyer fails to live up to his guarantee, which frequently happens. A firm which uses the guaranteed for investment device to go back on its written agreement is taken off our list for all time. Another method is the practice of some houses to take securities which the customer holds on a basis above the market. This is, in effect, price cutting of the syndicate price, but there is not much that can be done about it."

The syndicates whose operations we have described are known as "selling syndicates." The underwriting syndicate functions somewhat differently. A company, let us say, desires to raise $3,000,000 through the sale of stock to its stockholders. The stock is offered to the company's stockholders at 32. In order to be certain that it will receive the entire amount and promptly, the company makes a deal whereby a banker or group of bankers underwrites the stock at 30. In other words, the bankers agree to take all or any part, which is not subscribed for by the stockholders, at 30 a share, and as compensation receive the difference between 30 and 32 or $2 per share for every share taken by the stockholders.

Successful Syndicators

Successful syndicating firms are those which know how to select sound securities and to offer them at the right price and at the *right time*. The last mentioned factor is italicized since it

is of predominating importance. To be able to judge the investment market, to know when bonds and stocks will be readily absorbed and when the market is becoming "filled up," requires no small degree of skill and experience. Mistakes are costly. A house which puts out several "bad" issues successively might as well consider putting up its shutters. Dealers will not continue to subscribe to issues of wholesalers who gain a reputation for putting out unsuccessful flotations. There are dozens of houses in the Street which were once ranked among the great, but which are now semi-moribund and rapidly being forgotten. Many of such firms during the War got into untried investment fields with the result that they lost their followings.

Even under the most favorable auspices, flotations often go astray. One of the biggest houses on the Street offered the bonds of a southern republic not so many months ago. The issue was prime in respect to security but the *price was too high*. Even the commanding name of the offering firm could not put them over and dealers were badly "stuck" for many months until an investment market developed and enabled them to clear their shelves.

Another well known house underwrote a stock offering of an equally well known oil company, not so long ago. The underwriting profit was $1 a share. The syndicate manager started operations by going short of about 10,000 shares. Ordinarily this is good business since it furnishes buying power to take over stock not subscribed for by the stockholders. In this particular case, however, the stockholders took practically all of the offered stock and the market for the latter *advanced nearly ten points*. So the syndicate manager was obliged to cover his shorts at a considerable loss. If he had done nothing he would have been certain of his $1 a share underwriting profit but his operations cost him approximately one-half of his prospective gains. He failed to gauge the buying power of the company's stockholders.

Again, a sudden flurry in the financial weather may knock the plans of the selling or underwriting syndicate galley-west. Big houses dealing in high class securities have banking resources which enable them to lighten the burden of securities which they may be obliged to carry because of untoward conditions, but no firm can afford to be loaded up with too much "dead wood."

The matter of syndicate organization and operation is not simple. It requires high class brains and more than ordinary ability. While underwriting and syndicate profits bulk large, considered separately, they are, in reality, less than the margins of profit in almost any other line of business. And the trend of banking, during the last decade, has been towards even smaller profit margins. Increasing competition is the reason assigned for that tendency.

UNLISTED UTILITY BOND INDEX

(IN ORDER OF PREFERENCE)

POWER COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
Indiana Power Co. 7½s, 1941	B..	103	105	6.95
Nevada-California Electric 1st 6s, 1946	B..	99⅛	100½	5.95
Tennessee Power Co. 1st 5s, 1962	A..	94	95½	5.25
Alabama Power Co. 1st Ln. & Ref. 6s, 1951	A..	104¼	105¼	5.55
Appalachian Power Co. 1st 5s, 1941	A..	99	100	5.00
New Jersey Power & Light 1st 5s, 1936	B..	94¾	96	5.50
Illinois Power & Light 1st & Ref. 6s, 1953	B..	102	103	5.80
Appalachian Power Co. 7s, 1936 (Non-Callable)	B..	106	108	5.95
Binghamton Lt., Heat & Power 1st Ref. 5s, 1946	B..	97½	98½	5.05
Idaho Power Co. 5s, 1947	A..	96½	97½	5.15
Texas Power & Light Co. 1st 5s, 1937	B..	98⅞	99⅜	5.20
Central Indiana Power 1st Col. & Ref. 6s, 1947	C..	98	99	6.10
Central Ga. Power Co. 1st 5s, 1938	B..	95	96½	5.25
Kansas Electric Power 1st Series A, 6s, 1937	B..	100	102	5.75
Consumers El. Lt. & Pwr. New Orleans, 1st 5s, 1936	B..	96¼	97¼	5.35
Niagara Falls Power 1st & Cons. Mtge. 6s, 1950	A..	106	106½	5.55
Washington Coast Utilities 1st Mtge. 6s, 1941	B..	102	104	5.70
Ohio Power Co. 1st Ref. 7s, 1951	A..	106¼	107	6.45
Great Western Power Co. 5s, 1946	A..	98¾	99	5.05
North Carolina Public Service 1st 5s, 1934	B..	92½	94½	5.80
Public Service Corp. of N. J. 6s, 1944	B..	101¼	...	...
Parr Shoals Power Co. 1st 5s, 1952	B..	95½	96½	5.15
Yadkin River Power 1st Mtge. 5s, 1941	A..	99¼	99½	5.05
Mississippi River Power 1st 5s, 1951	A..	99½	100	5.00
Nebraska Power Corp. 1st 5s, 1949	A..	99	99½	5.05

GAS AND ELECTRIC COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
Wilmington Gas Co. 5s, 1949	B..	92	94	5.45
Cons. Cities Light, Power & Traction 1st 5s, 1962	B..	81¼	81½	6.25
Seattle Lighting Co. Ref. 5s, 1949	B..	91	93	5.50
Burlington Gas & Light 1st 5s, 1955	B..	91	93¼	5.45
Twin State Gas & Electric Ref. 5s, 1953	B..	93	94	5.45
United Light & Railways 6s, 1952	B..	100⅛	100⅝	5.95
Tri-City Railway & Light 5s, 1930	B..	98	99	5.20
Dallas Power & Light 6s, 1949	A..	103	105	5.60
Oklahoma Gas & Electric 1st & Ref. 7½s, 1941	B..	107½	...	...
United Light & Railway 5s, 1932	B..	96⅝	97⅜	5.60
Pacific Gas & Electric 1st & Ref. 5½s, 1952	A..	101⅜	101¾	5.35
Rochester Gas & Electric 7s, Series B, 1946	B..	110	111	6.10
New York & Richmond Gas 1st Ref. 6s, 1951	C..	99⅜	100	6.00
Portland Gas & Coke 1st 5s, 1940	B..	96½	98	5.20
Indianapolis Gas Co. 1st 5s, 1952	B..	97½	98½	5.05

TRACTION COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
Galveston-Houston Electric Railway 1st 5s, 1954	B..	85	86½	6.00
Minn. Street Ry. & St. Paul City Ry., Jnt. 5s, 1928	B..	97	98	5.70
Northern Ohio Traction & Light 6s, 1926	B..	98¾	99¾	6.20
Knoxville Railway & Light 5s, 1946	C..	92	95	5.40
Columbus Street Railway 1st 5s, 1932	B..	95	96	5.75
Kentucky Traction & Terminal 5s, 1951	C..	82	83	6.35
Nashville Railway & Light 5s, 1953	B..	95	97	5.20
Memphis Street Railway 5s, 1945	C..	75	77	7.20
Schenectady Railway Co. 1st 5s, 1946	C..	66	68	8.20

HOLDING COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
American Power & Light 6s, Series A, 2016	B..	97	98	6.10
Standard Gas & Electric Co. 6s, 1935	C..	99	101	5.95
Virginia Power Co. 1st 5s, 1942	B..	95¼	96	5.40
General Gas & Electric s. f. 7s, 1952	B..	103½	105	6.55
American Gas & Electric 6s, 2014	B..	98	98¾	6.05
Middle West Utilities 8s, 1940	A..	108¼	109¼	7.00
Jersey Central Power & Light 1st 6½s, 1948	B..	109	110	5.70
Southwestern Power & Light 1st Mtge. 5s, 1943	B..	95¼	96	5.40
Central Power & Lt. 1st Pr. Ln. 6s, 1946	B..	100¼	101¼	5.90

TELEPHONE AND TELEGRAPH COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
Pacific Tel. & Tel. 5s, 1952	A..	98⅝	99	5.05
Southern California Telephone 1st & Ref. 5s, 1947	A..	97	98	5.10
Home Tel. & Tel. Co. of Spokane 1st 5s, 1936	A..	97¾	98¾	5.15
Chesapeake & Potomac Tel. Co. (Va.) 1st 5s, 1943	A..	97½	99½	5.05
Houston Home Telephone 1st 5s, 1935	A..	99	100	5.00
Ohio State Telephone Co. Ref. 5s, 1944	A..	99¾	101	4.95
Western Tel. & Tel. Collateral Trust 5s, 1932	A..	100⅜	...	...

* Yield computed at the asked price.

TEACH THE CHILDREN!

(Continued from page 430)

good losers and pride ourselves *too much on our sportsmanship*, at times.

So first I want to teach my children not to be wasters, but to get value, in experience,, if nothing else, for the money they handle. I want them to enjoy life, to be happy and carefree to a certain extent, but to protect their futures they must have some responsibility *now*.

Each child has a small allowance and we work out a good many problems by means of it without their being aware that they are having lessons. They understand well the meaning of interest. They see clearly, for instance, that when they spend ten cents on utter nonsense, they have spent the interest on one dollar, for two years, at five per cent. There is no mystery about interest or return on investments for them. They have developed a *feeling* for it that is valuable. They can approximate an interest in a few seconds. The twelve year old girl turned up her nose in scorn at some stiff problems in arithmetic the other day, problems on interest, discount, and notes that were bothering the other pupils. She called them a "cinch" and "old stuff" simply because she understood them. At one time I feared this girl had no money sense.

Benefits to Children

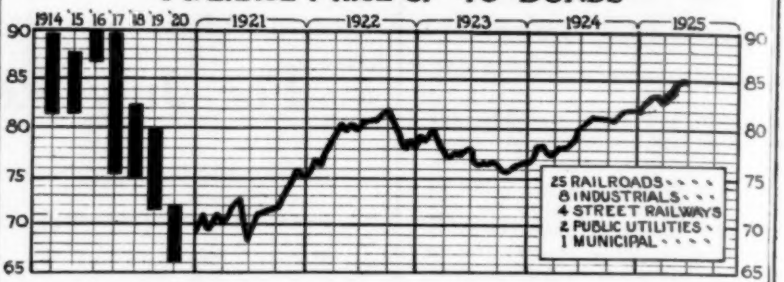
What a benefit training along these lines would be to children who come from homes where there is no understanding of finance! Do you suppose a boy who understood the principle of continuing loss would sit tamely by and allow his family to put all their savings—$2,000—in a pleasure car, as a family recently did near here? Not if he were any sort of a boy at all. He would be shocked at the wickedness of the waste and would try to show his people that they must keep on losing $100 a year all their lives on that car besides the loss through depreciation and upkeep. In fact he could bewilder them with losses on losses. Children frequently educate parents.

Many of us only *think* we know these simple truths and laws. Just the other day I heard an intelligent person urging another to buy a $7,000 house and not "pay out all that money in rent" ($40), and repeating the old, old story that the latter had already "paid for" the house he then lived in, in rent. Urging such a course to save money!

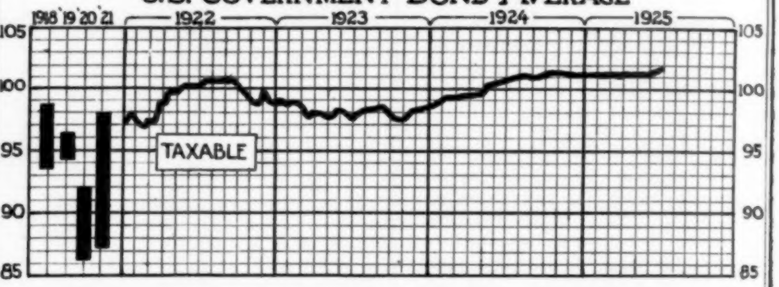
My children go to the bank alone for themselves and often for me.

We hope to guide them to a knowledge of good investments in time, not necessarily to lead them to the stock market, but to problems of finance and the great world movements that affect the market.

AVERAGE PRICE OF 40 BONDS



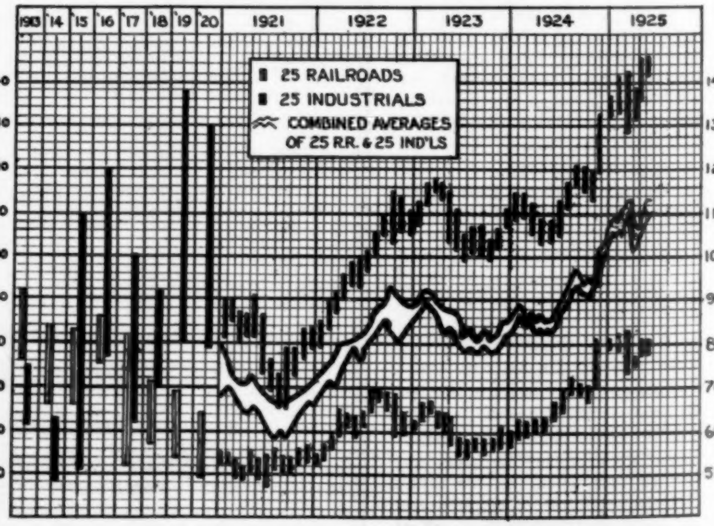
U.S. GOVERNMENT BOND AVERAGE



MARKET STATISTICS

	N.Y.Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails	N.Y.Times 50 Stock High	N.Y.Times 50 Stock Low	Sales
Thursday, June 11....	84.76	127.85	97.38	111.01	110.10	1,307,390
Friday, June 12......	84.80	128.33	97.67	111.69	110.74	1,746,283
Saturday, June 13....	84.79	129.38	98.26	112.02	111.33	757,410
Monday, June 15.....	84.80	128.43	97.80	111.82	110.95	1,248,730
Tuesday, June 16.....	84.84	129.66	98.09	112.39	110.09	1,136,957
Wednesday, June 17..	84.84	129.80	98.14	112.68	111.72	1,187,861
Thursday, June 18....	84.76	128.88	97.58	112.30	111.02	1,587,156
Friday, June 19......	84.81	129.26	98.27	112.51	111.41	1,372,382
Saturday, June 20....	84.87	129.16	98.33	112.45	111.94	611,800
Monday, June 22.....	84.82	128.25	97.77	112.35	111.37	1,103,365
Tuesday, June 23.....	84.76	127.17	97.50	111.68	110.64	1,246,170
Wednesday, June 24..	84.77	127.80	98.06	111.62	110.77	997,887

STOCK MARKET AVERAGES



KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by investment houses of the highest standard. They will be sent free on request, direct from the issu'ng house. Ask for them by number.

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

THE STORY OF THE STRAUS PLAN

This booklet explains why this large first mortgage real estate bond firm can truthfully say that they have sold these securities for forty-two years without loss to any investor. (217).

ODD LOTS

A well known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225).

A QUESTION ANSWERED

An extremely interesting illustrated booklet explaining how a stock exchange firm handles out of town business. It shows how orders are treated from the time the letter arrives to the final placing of the certificates purchased. (278).

THE PARTIAL PAYMENT

method of purchasing good securities in odd lots and full lots on convenient terms is explained in a free booklet issued by an old established New York Stock Exchange House. (224).

THE NECESSITY OF SECURITY RATINGS

An intensly interesting letter setting forth the value of ratings. Ask for your free copy 340.

INVESTMENT FEATURES OF COOPERATIVE APARTMENT OWNERSHIP AT JACKSON HEIGHTS

A valuable booklet prepared by the Queensboro Corp., which shows the moderate cost and advantages to be derived from owning your own home in a beautiful section a short distance from New York City. Ask for (336).

BOND RECORD

a convenient record book for listing bond holdings, interest payments, profits, etc. Title heading of book, "My Investments." A limited number is being distributed gratis by a leading Bond House. (285).

HOW TO JUDGE SOUTHERN MORTGAGE BONDS

This free booklet contains the net of this old-established Company's experience in the First Mortgage Investment Field in the South. Ask for (302).

LET YOUR SAVINGS EARN 6%

through this fascinating Systematic Savings Plan explained in this interesting folder. Send today for your free copy. Ask for (293).

THIRTY-FIVE YEARS OF PERSONAL SERVICE

Are you seeking a location for your plant? If so, send for this interesting booklet which will be sent free without obligation. Ask for 346.

THE BACHE REVIEW

By reading this timely booklet but ten minutes a week you will be able to judge the market more accurately. Sent for 3 months without charge. (290).

SAVE MONEY

without sacrificing of safety of principal is the slogan of a well-known bond house specializing in odd lots. Plans and list of opportunities sent to all interested investors. Ask for (329).

SAFETY FIRST

Protect yourself with the experience of this First Mortgage Real Estate Bond house contained in this interesting booklet. Ask for (341).

FOUR DISTINGUISHING MARKS

This 8-page booklet, issued by one of the largest first mortgage real estate bond houses, shows you how to "check up" first mortgage real estate bonds. Send for (264).

WHY FLORIDA, FIRST MORTGAGE INVESTMENTS PAY UP TO 8%

A concise, common-sense statement of five logical reasons why investors may at this time send their money to Florida and get 8% on sound first mortgage security. Sent without charge on request. Ask for 344.

Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date*

Aeolian Co. pfd. (7)	80	— 90
Aeolian Weber	18	— 22
Aeolian Weber pfd. (7)	87	— 93
Allied Packers	5	— 8
Sr. Prd.	12	— 16
Pr. Pfd.	50	— 54
Alpha Port. Cement (6)	135	—140
American Arch (5P)	120	—124
American Book Co. (7)	125	— ..
Amer. Cyanamid (4P)	119	—124
Pfd. (6)	82	— 85
Amer. Thread pf. (5%)	3¾	— 4
Atlas Port. Cement (4)	46	— 47
Babcock & Wilcox (7)	134	—137
Barnhart Bros. & Spindler:		
1st Pfd. (7) G	103	—106
2nd Pfd. (7) G	95	— ..
Borden Co. (4) ....New	74	— 76
Pfd. (6)	106	— ..
Bucyrus Co. (5)	148	—154
Pfd. (7)	104	—108
Celluloid Co.	20	— 25
Pfd. (8)	70	— 80
Congoleum Co. pfd. (7)	102	—104
Crocker Wheeler	..	— 23½
Pfd. (7)	..	— 78
Eisemann Mag. pfd. (7)	48	— 53
Franklin Rwy. S.	91	— 95
Gen. Optical pfd. (3½)	28	— 30
Gen'l Rwy. Sig. (6½s)	170	—175
Hale & Kilburn pfd.	15	— 19
Ide (Geo. P.) & Co. Inc.	..	— 7
Pfd. (8)	57	— 65
Jos. Dixon Crucible (8)	143	—145
Johns-Manville, Inc. (3)	137	—139
Knox Hat	38	— 43
2nd Pfd.	55	— 60
Pr. Pfd. (7)	87	— 93
Lehigh Port. Cement (3)	79	— ..
McCall Corp'n	91	— 96
Pfd. (7B)	118	— ..
Nat'l Fuel Gas (6)	115	—118
New Jersey Zinc (8P)	183	—186
Niles-Bement-Pond	32	— 36
Pfd.	58	— 63
Phelps-Dodge Corp'n (4)	98	—103
Pierce, But. & P'ce (8)	100	— ..
Pfd. (8)	98	—102
Poole Eng'g (Md.)		
Class A	13	— 18
Class B	12	— 16
Richmond Radiator Co.	15	— 25
Pfd. (7)	95	—105
Royal Bak'g Powder (8)	143	—148
Pfd. (6)	100	—103
Safety Car H. & L. (8)	119	—122
Savannah Sugar (6)	101½	—103
Pfd. (7)	99	—101
Sheffield Farms (6)	175	— ..
Pfd. (6)	97	—100
Singer Mfg. Co. (10P)	267	—271
Singer, Ltd. (¼)	8¾	— 9¼
Superheater Co. (K)	138	—142
Technicolor, Inc.	5½	— 6½
Thompson-Starrett (6)	90	— ..
Pfd. (8)	99	— ..
Victor Talk'g Mach. (8)	68	— 72
White R'k, 2d Pfd. (6P)	190	—240
1st Pfd. (7)	100	—105
Yale & Towne (4P)	64	— 65

*Dividend rates in dollars per share designated in parentheses.

B—Arrears being discharged at rate of 7% annually in addition to regular dividend rate.

G—Guaranteed as to principal and dividend by Amer. Type Founders.

K—Dividend rate not established.

P—Plus Extras.

ANOTHER issue graduated from this department with the listing of *White Rock* common on the "Big Board" during the fortnight. The shares were active around 44 in the initial trading. The second preferred stock followed the junior issue into new high ground. The wide spread between bid and asked prices on the former are occasioned by the participation clause whereby the second preferred, after the regular 5% payment, receives additional dividends at the rate of five times any amount in excess of $1 a share paid on the common. Three extra quarterly dividends of 20 cents each have been declared on the junior stock.

Victor Talking Machine continues to hover around the 70 level. Passing of Victor's dividend marks the climax to difficulties precipitated by intense competition from the radio industry. Victor must now be regarded as a speculation until it can be more definitely determined what success will attend efforts to meet the existing situation.

Technicolor remains active. Official statements confirm the reports previously referred to in these columns with respect to new contracts. The company now has orders from several leading producers, including First National, Famous Players, Universal and Metro Goldwyn.

Joseph Dixon Crucible

Few companies may boast a stronger financial position or more interesting dividend record than Joseph Dixon Crucible Co. The business was established nearly a century ago, in 1827, and was incorporated in 1868. Its products are familiarly known to the public through the company's pencils and pencil products which comprise about 50% of total business. The remaining activities are equally divided between the manufacture of crucibles and various graphite products, including lubricants and paints. Sales offices are maintained in all the leading cities of this country and agents are scattered throughout the world. The main

plant and general offices are situated in Jersey City, N. J. In addition, Dixon has its own graphite mines near Ticonderoga, N. Y., acquired in 1873 when the American Graphite Co. was absorbed.

Unfortunately, the company offers no earnings statements for publication, but its earning power is graphically portrayed by the following twenty-five year dividend record which scarcely requires comment:

1900	6%	1912	18%
1901	6%	1913	20%
1902	6%	1914	110%
1903	12%	1915	15%
1904	12%	1916	50%
1905	12%	1917	100%
1906	12%	1918	50%
1907	12%	1919	50%
1908	6%	1920	17½%
1909	6%	1921	10%
1910	6%	1922	8%
1911	9%	1923	8%
		1924	8%
Present rate	8%	25 Yr. Ave.	$22.78

The fact that shareholders have received generous treatment in good years as well as bad would indicate that the company is more or less immune from the ill effects of depression, although the exhibit above suggests that it was a beneficiary of war prosperity to a considerable degree. Incidentally, this record does not include two stock dividends of 100% and 150% paid, respectively, in 1914 and 1920.

Equally impressive is Dixon's financial status which is also best disclosed by tabular presentation, thus:

ASSETS
(In Thousands)

	1923	1924
Real Estate, Buildings, Etc..	$2,366	$2,404
Machinery and Equipment..	821	1,040
Securities and Investments..	1,069	1,068
Cash	151	401
Accts. and Bills Receivable.	1,391	1,031
Inventories	3,353	3,386
Total Assets......	9,151	9,330
LIABILITIES		
Capital Stock	$5,000	$5,000
Accounts Payable	89	31
Reserve for Depreciation...	962	1,062
Surplus and Tax Reserve..	3,100	3,237
Total Liabilities...	9,151	9,330

From the balance sheet, as of December 31, 1924, it appears that Dixon enjoys the unusual distinction of having a ratio of current assets to current liabilities in excess of 155 to 1. Cash alone, as shown above, is equivalent to nearly thirteen times the amount of accounts payable, this item being the company's only indebtedness. Still another striking feature of the balance sheet is the generous provision for depreciation. Reserves on this account are equal to more than 30% of the combined total of real estate, machinery and equipment valuation. The 50,000 shares of $100 par value common have a book value of $186 a share.

While the issue yields but 5.5% at prevailing market quotations, belief that the present $8 rate will be increased or a stock dividend paid does not seem unfounded. At any rate, Dixon Crucible is to be classed as a semi-investment common stock of merit.

CHICAGO, MILWAUKEE & ST. PAUL RWY. CO.

(*Continued from page* 405)

merce Commission to which the necessary application will be made as soon as deposits under the plan and the foreclosure proceedings have progressed sufficiently to insure the consummation of the plan. There is every reason to hope that with the prompt co-operation of the security holders the reorganiztion can be accomplished in a comparatively short time and the system taken out of receivership and restored to its place among the financially strong roads of the country. To that end, holders of the various securities dealt with in the plan are earnestly urged to deposit their holdings subject to the plan and agreement with the respective depositaries and sub-depositaries."

And now for the opposition to the plan which comes from two sources at the present time. The better known of these two protestants is Roosevelt & Son, a Stock Exchange house, which followed the announcement of the plan by an advertisement the next day urging that security holders refrain from depositing their stock on the ground that there was no need for the road to be reorganized at the present time. The advertisement claimed that the road was moderately capitalized and efficiently managed and that the real reason for its fall from affluence was the inadequate rate structure provided for carriers operating in the northwestern section of the country.

No criticism is made against the reorganization plan as such. The whole opposition centers around the subject of earnings and the prospect for successful operation following an upward rate revision by the commission. The opposition is prepared to show that the interest rate on St. Paul's entire funded debt averages 4.64%. Regarding the contention put out by some that there has been a serious loss of freight traffic since the Puget Sound extension was put through in 1913 and still more since 1915, the first full year of operation of the Panama Canal, the experts working for this firm are prepared to show that St. Paul's traffic density was increased 23% since 1913, including new mileage. Total ton miles handled by the road have risen, it is claimed, from 8½ billion tons in 1913 to over 11 billion tons last year. The claim that the Panama Canal has "run away" with St. Paul's share of the lumber business is met with figures which show that in 1915 the road handled 5,493,000 tons of lumber while last year the tonnage ran over 10,000,000.

The suggestion that the road has been inefficiently managed is disposed of with little comment. St. Paul's average train load has increased 110% in the last ten or twelve years. This is regarded as significant since operating efficiency is gauged by the cost of

transportation per train mile. Today, the St. Paul shows an out-of-pocket transportation cost of $2.14 per thousand ton miles, the lowest, by the way, of a group of carriers which are regarded as strong roads and which have consistent records as dividend payers. Atchison, for instance, reports $2.44 per thousand ton miles; Rock Island, $2.63; 'Frisco, $2.85; North Western, $2.49; Southern, $2.58 and Coast Line, $2.57. St. Paul's traffic density today is greater than that of Northern Pacific; Great Northern; North Western; Soo Line; Omaha; 'Frisco; "Katy" and Atlantic Coast Line.

These figures, it is claimed, prove that it is not inefficient operation which has broken St. Paul's back and since it has been set up that the road is moderately capitalized; its traffic volume and quality of traffic improving and its operation efficient, the reason for the collapse of the property according to the opposition is *RATES*. The St. Paul receives an average revenue per ton mile of 1.091 cents, against an average as compiled by the commission of 1.39 cents for a group of eighteen roads operating in the Northwest; 1.285 for Atchison; 1.390 for 'Frisco; 1.378 for "Katy"; 1.522 for Coast Line and 1.316 for Southern Railway.

The opposition will stress before the commission their belief that the cure for St. Paul's ills is to give it living rates and it will then take care of itself. St. Paul's former glory will be shown by an exhibit of figures detailing market prices of Northwestern stocks in the days of Jim Hill when the territory was most prosperous. As of 1909, St. Paul preferred led the list of Northwestern carriers with the stock selling as high as 181. The common was 165 in those days. These prices compared with 159 for Northern Pacific and Great Northern. Today, the current market prices read about as follows: St. Paul preferred, 15; common, 9; Northern Pacific and Great Northern, 67.

Further indications of the retrogression of the earning power of the Northwestern lines is seen in figures showing that the average revenue per ton mile on St. Paul increased only 28% from 1909 to 1924, against an average increase of 60% for the country as a whole. In conclusion, the opponents of the plan will seek to prove that the Interstate Commerce Commission has not accorded the same consideration to the Northwestern carriers which has been accorded to carriers in other sections of the country.

More Opposition

Opposition directed full at the "official" reorganization plan is being mapped out by another group of which Edwin C. Jameson, president of the Globe & Rutgers Fire Insurance Company, is the leading spirit. The personnel of this group is still a matter of some doubt although Mr. Jameson has made know his disapproval of the terms affecting the junior bondholders and the

holders of St. Paul stock in no uncertain manner.

In the humble opinion of the writer, the plan for the reorganization of the St. Paul is fair and it seems likely that the scheme for the property now in receivership will go through to a conclusion substantially in its present form. Both bondholders and stockholders are asked to make a reasonable sacrifice though it may impose individual hardships.

The conversion of the bonds into contingent charges is done with the object of making the financial structure of the new company secure. As it is, the plan provides for a structure which will enable the road to earn its fixed charges 1¾ times. In the case of other "strong" roads, however, the margin is larger. For instance, New York Central earns its fixed charges 2 times; Burlington, 3¼ times; Union Pacific, 3 1/3 times and Atchison, 4½ times. The $5,000,000 "margin of safety" which is provided for each year is moderate for a system of 11,000 miles.

The assessment on the stock appears heavy but it must be realized that under the plan the stockholders are able to preserve their equity in the new company. As a matter of fact, in the period from 1901 to 1909 the common stockholders subscribed to $68,900,000 of common stock at par, while in the period from 1906 to 1909, the preferred stockholders subscribed to $66,000,000 of this stock.

Mr. Security Owner, your problem is before you. The reorganization managers have given you a plan which, according to many qualified judges, will make St. Paul one of the best roads in the country from a financial standpoint.

Roosevelt & Son urge you not to deposit your holdings but to await developments in the rate situation. The freight rate—the great political football—is due for general discussion and possible revision because Congress has so ordered it.

The counter plan of the fire insurance interests hints at easier and more favorable terms for the junior bondholders with a more moderate assessment on the stock. Later you will be asked to throw in with them. As far as the situation is concerned, it's a live topic and you can hear anything you want to about St. Paul provided you are willing to circulate in the financial district.

The Interstate Commerce Commission has announced that because of protracted clamor it will sit in judgment on the St. Paul situation. Proponents of this governmental wash day are hoping that all past indiscretions and other "skeletons" will be dragged out for public gaze. The small stockholder is made to appear as an almost hopeless case, according to some views. "Old" holders of the road's securities are being wept over because of imagined wrongs. The general belief, however, is that there are comparatively few of the Old Guard left.

HUMAN NATURE IN THE STOCK MARKET

(Continued from page 402)

high priced stocks more readily accessible for popular trading and in some cases to afford insiders an opportunity of exchanging all or part of their corporate interest for cash.

It is the most dazzling panorama one can conceive of, studded alike with golden opportunities and distressful pitfalls.

Speculation vs. Investment

A frequent visitor is the customer who wants something with a "kick" in it. When he asks what is well thought of and is given in answer a selection of standard well-tried stocks he insists upon something more speculative, something that will give him a "run for his money." And yet precedent establishes the premise that in the matter of common stocks the issues that have become traditionally well established in resources and earning power do better for the holder than the so-called speculative shares.

Take a dozen or more frankly speculative issues, that is to say, such stocks as are not paying dividends, or if making disbursements have done so only recently, and compare their composite advance in price with a typical list of standard issues, such as those with an unbroken dividend record over the past fifteen years. Not only will the holder of the standard stocks be seen to have reaped a reward just as substantial in the matter of price appreciation, but he will have had as well the assurance that goes with the ownership of seasoned securities.

The record that stocks establish over a period of years presents some interesting conclusions, and the more one examines the stretch from 1909 to 1924, including five years before the war, five years during it, and five years thereafter, the more one wonders what would have become of a great many of our industrial companies had there been no conflict. In the case of many of them it meant merely a bonanza that faded with the last bugle; never before or since did they present a corporate record anywhere approaching it. For some, the war came just in time to stave off bankruptcy; gave them a few years of plenty until the aftermath came to efface the golden hour. Others it put permanently on their feet. Assets were kept intact and under the impetus they became successful and subsequently re-established on a profitable basis.

New Securities

One of the greatest risks the investor or speculator runs in a market or under conditions such as have obtained over the past six months, is the

prolific flotation of new security issues. It is the open season for combinations, new capitalizations, "sell-outs" and reorganizations. It is an easy time to get money in, and an easy time to take it out. Certain profits of large proportions are constantly being offered the investment banker upon the successful sale of stock-profits that are oftentimes too tempting to refuse even though the enterprise may have inherent weaknesses.

The most conscientious and uncompromising financial house has neither the time nor facilities for scrutinizing the merits of every offering brought to it on the high tide of prosperity and the most thorough investigation is oftentimes merely a scratching of the surface in the many ramifications of a given instance, a circumstance which imposes upon the prospective purchaser the most relentless analysis of values if he is to hold securities which are likely to survive and prosper.

Averaging Losses

A large number of people who trade in the stock market still persist in the principle of averaging their losses; that is to say, after having bought a stock, for instance, at $50 and held it down to $25, they insist upon buying an equal amount at the lower price in order to reduce the average cost. Where the stock is intrinsically sound, this obviously is a likely way of facilitating a recovery, but the medium in which one is averaging should first be thoroughly examined. The tendency too often is to "average" even though there may not exist a conceivable chance, owing to recent developments, of the shares getting back to the point of the first purchase. Thus, not content with having made one mistake, one is prone to duplicate the performance in insecure issues and accordingly double his liability instead of lessening it.

There will always be investors who are only too ready to buy a gold brick for what they thought was a gilt-edged security and in the customers' room there will always be the over-extended speculator ready to turn the other cheek. But the point to think about is that facts are better than fiction, and while there is no means of guaranteeing success in stock trading, one's chances are immeasurably bettered and his risks considerably lessened by first taking pains to investigate, and then refusing to buy more than he can pay for of something he knows nothing about.

*The Next Issue—
July 18th
Is Our Special
Public Utility
Number*

WHAT THE LAWYER CAN DO FOR YOUR BUSINESS

(*Continued from page* 413)

pany Brown to the lawyer's office. They show the lawyer the letters setting forth their arrangement with the mill. They ask him what remedy they have against the mill by reason of its failure to deliver merchandise in accordance with the terms set forth in the letter.

The lawyer shows them that the mill was adequately protected under its form of contract which they accepted, but that they had absolutely no protection, because at the head of the mill's form of contract was the usual clause which exempted the mill from liability by reason of "strikes, embargoes, labor troubles, etc."

The lawyer pointed out that if the partners accepted an agreement from the mill exempting the mill from liability by reason of strikes, etc., the partners, in accepting orders from their customers, should have similarly protected themselves since they were totally dependent upon the one mill for their entire supply.

Brown, realizing the seriousness of the situation, turns to Jones and says: "You have saved a lawyer's fee in not having a proper contract drawn, but now we will have to pay a much larger fee to get out of this mess, in addition to which the amount of damages that we may have to pay to the persons from whom we procured orders will probably wipe out this year's profits."

Jones sees that he was penny wise and pound foolish and admits that Brown's policy of seeking prevention rather than cure, is the wisest.

Jones is won around by the attitude of the lawyer and has come to seek and respect his opinion and advice, and has come to seek his advice as eagerly as does Brown.

With the growing confidence of Jones in the advice of his lawyer, he comes to him one day and tells him that a brokerage house with which he has dealt for a number of years, has failed. Some of the stocks that he carried with the brokerage house he paid for outright, and others he carried on margin.

By reason of the advice and help given him by the lawyer he is able to recover from the bankrupt concern, stock which he owned outright. He found his lawyer versed in matters as a trader in stocks and his advice as to his rights was extremely helpful.

To Jones and Brown their problems and troubles are only *their* problems and troubles. To the lawyer, because of his growing experience and clientele, similar problems and troubles are met with in his practice, and so he is enabled frequently to offer helpful and immediate solutions for these problems.

The long and rather intimate association of Brown and Jones with their lawyer has caused not only a close and confidential business relationship to exist between them, but has also gradually brought about a social relationship. The growth of this social relationship is an encouraging and desirable trend. In many of their dealings, the transactions between the attorney and client are those entailing utmost confidence. This confidential relationship is encouraged by the law in protecting these transactions as "privilege communications." That term is used to denote relationships of a privileged character, such as exist between doctor and patient, and minister and parishioner;—and a lawyer is prohibited from divulging these communications without the consent of his client.

The lawyer, with this growing confidence that he has inspired in his clients, is consulted not merely on business matters but on matters of a personal nature:—Domestic difficulties and problems, questions as to the disposition of the estate of his clients when drawing their wills, and very frequently because of this social relationship he is appointed executor and trustee to carry out the client's intentions as expressed in his will.

It is because of the complexities of modern business and the magnitude of its undertakings that the lawyer has become indispensable. This to a great degree is changing and enlarging the scope of the work of many lawyers, making it necessary for them to become familiar with the nature, character and

problems of their clients' business.

As a result, it not infrequently happens that the lawyer today is looked upon by his client, the business man, as a business as well as a legal counsellor. The instances in which he may be and has been of help to the business man could be multiplied by innumerable examples. The experiences of Brown and Jones are not isolated, exceptional experiences, they are in fact only a few, and some of them very minor, of the many stages of the business life of every concern, in which the advice and help of a lawyer has become indispensable.

TEN PROMISING OILS

(*Continued from page* 431)

represents a group of tested, oil producing and refining companies of recognized standing and which should give a good account of themselves provided that nothing happens in the industry to upset present calculations. They are the kind of issues an investor may purchase and hold, confident in the knowledge that over a period of time they will show him a satisfactory return on his investment.

General Petroleum is a well rounded organization, which, while new on the New York Stock Exchange, has been well and favorably known on the Pacific Coast for upwards of a decade. Last year the company made a high record in earnings, showing $7.20 per share on its common stock. The present dividend appears well secured and the low investment return would appear to indicate that there are excellent prospects for a higher dividend return to the investor.

Pacific Oil is another company which needs no introduction to our readers. The company has upwards of $15,000,000 working capital, no bonded debt or preferred stock and a very simple capital structure consisting of 3,500,000 shares of no par stock. Earnings for the first quarter of this year equalled $1.16 per share and the prospects are that Pacific may earn twice the present dividends in 1925. The company recently increased the dividend rate from $2.00 to $3.00 and it would not be reasonable to look for an immediate further increase. But Pacific has sold considerably higher than the present quotation on an outlook less favorable than the present and in this case it is reasonable to look for history to repeat itself. Meanwhile the issue is a strong 5% return oil investment of proved character.

Pan American's lining up with Standard of Indiana should be advantageous to both. When one of the world's largest producers of crude oil gets together with one of the world's largest manufacturers and distributors of gasoline, the result should be mutually beneficial. Pan American increased its dividend on its common and "B" shares from $5.00 to $6.00 last February, but

both issues return close to 8% and there would seem to be plenty of room for appreciation in the present market prices for the issues. Pan American has always been an active market performer.

Phillips Petroleum has established a reputation for aggressiveness in operations and conservatism in the matter of depreciation and distribution of earnings. It is earning at the rate of more than four times the present dividend requirements, before depreciation and depletion, and the outlook is excellent for either an increase in the rate or an extra this year.

Sinclair Consolidated is the only non-dividend payer in our list. The reasons for its inclusion are first, the favorable decision in the Teapot Dome litigation and secondly, the fact that for the first time in a number of years the company is co-ordinating in all its branches and is making money. Sinclair common is, of course, a speculation, but the issue has always had its market sponsors. From the indications which are apparent at present Sinclair is in a better position than it has occupied for a long time.

Texas Company's Come-Back

From earnings of $1.24 on its common in 1923 *Texas Company* jumped its earnings to slightly better than $4.00 a share last year, which gives it a comfortable margin above dividend requirements. If Texas can do that well in a year like 1924, it should do very materially better in the current year. In 1922 and 1923, Texas sold at a high respectively of 52¼ and 52⅞ and on a comparison basis between those years and the present, Texas is entitled to sell at least ten points higher than in 1922 and 1923.

The three Standard Oil companies mentioned in our list are all offspring of the former great Standard Oil Co. and have worthily maintained the best Standard Oil traditions. Each is a predominating factor in its particular field, *Standard of California* on the west coast, *Standard of Indiana* in the midcontinent section and *Standard of New Jersey* on the east coast and also in many other parts of this country and the world. Their low yields are characteristic and indicative of their underlying, intrinsic values and prospects. The investor who buys the Standards must be content with a low return pending the time when extras or stock dividends are in order. If his patience holds out he will find no occasion to regret his purchase.

Prairie Oil & Gas

Prairie Oil & Gas, while not listed on the Big Board, enjoys an active market on the New York Curb. Owing to the large inventories which Prairie is carrying it should do especially well this year. The stock has advanced only 12 points from the low of the year and there would seem to be room for further market appreciation.

KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by investment houses of the highest standard. They will be sent free on request, direct from the issuing house. Ask for them by number.

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

FIFTY-TWO YEARS OF PROVEN SAFETY

An interesting and handsomely illustrated booklet describing the investment principles which have made possible the record of "No loss to Any Investor in Fifty-Two Years" for owners of Smith Bonds. Ask for (326).

THE FORMULA OF SAFETY

The salient features of this Formula of Safety as developed by an old established Bond and Mortgage House, are here set out for investors who would think before, rather than after, placing their funds. Ask for (327).

INVESTMENT GUIDE

Issued by the oldest first mortgage house in Chicago. It explains how to invest savings at the highest interest rate consistent with safety. (256).

BUILD YOUR INCOME ON PROSPERITY'S PATH

This booklet tells you of the wonderful investment opportunities offered by the marvelous growth and prosperity of Miami, Fla. Send for your free copy. (325).

A NEW CONCEPTION OF BUSINESS

Kardex Institute, established to give all business men the advantage of professional research into the facts and methods of business management, has issued this interesting booklet, which will be sent free. Ask for (349).

USE OF OPTIONS

The exceptional profit possibilities in Stock Option and their uses to supplement margin and for protection against losses in the Stock Market fully explained in a free circular. (284).

8% AND SAFETY

To hasten the rapid growth of Florida, the rate for first mortgage bonds in that state is 8%. This interesting booklet tells why they are safe. (322).

THE ELIMINATION OF INVESTMENT RISK

A wealth of information awaits you in this book about a First Mortgage Real Estate Bond created up to an unusual standard and trust guaranteed both as to principal and interest. Send for (347).

THE REAL ESTATE INVESTMENT OF THE FUTURE

Mr. Fred F. French, one of the country's foremost real estate authorities, has explained the operation of the French Plan in the above mentioned book. Send for your free copy (348).

THE STANDARD OIL GROUP

We have available a booklet containing financial statements and dividend records of two of the Standard Oil group, together with an engineers' report on their acreage and oil reserves. Send for (219).

PROFIT OPPORTUNITIES IN OIL BONDS

(*Continued from page* 408)

both a holding and an operating company. Besides being one of the largest producers of gasoline, it manufactures kerosene, lubricating oils and various petroleum by-products. About 41% of its stock is owned by the Standard Oil Co. of New Jersey. On March 31 last, the company had a net working capital of nearly $20,000,000. Annual average profits for eight years were $6,327,765, while present interest charges aggregate $780,000 annually. These debentures are well buttressed and look cheap at 103½.

The three issues under *Union Oil of California* represent that company's entire funded debt with the exception of $962,402 purchase money obligations. The debentures of 1931 sell on a slightly higher yield basis than the other two issues probably because the former is secured by a first lien on all real estate and interests in real property now owned and are further secured by a first lien on the company's holdings of stocks and securities of leading subsidiary companies. The other two issues are direct obligations but are not secured by mortgages.

A sinking fund of $500,000 annually beginning August 1, 1922, operates to retire the 6s of 1942, purchases being made in the open market at or below a 5¾% basis to maturity, if bonds are available on that basis. The 5s of 1931 are redeemable for the sinking fund at 102½ and interest on any interest date and at 30 days' notice and as a whole at 105 and interest on any interest date.

The 5s of 1935 are redeemable in whole or in part on any interest date on 30 days' notice by drawings, at 102 and interest up to and including April 1, 1927, 101½ and interest up to and including April 1, 1929, 101 and interest up to and including April 1, 1931, and 100½ and interest thereafter. Beginning April 1, 1927, a sinking fund begins to operate on the basis of $300,000 annually up to and including April 1, 1930, $500,000 on April 1, 1931, $600,000 thereafter to maturity, operating by purchase or drawings.

Union is one of the leading oil companies in the United States and is engaged in all branches of the oil industry. In the ten years ending with 1924 average profits exceeded $8,600,000. Working capital totals about $44,000,000. Proven oil reserves in California alone are estimated at 200,000,000 bbls. The company's bonds are sound and attractive.

The foregoing issues may be recommended for safety and income. That they yield higher than bonds of the same grade in the industrial or railroad fields is largely due to psychological considerations rather than inferior security.

Of the list herewith the bonds of *Barnsdall* and *Marland* are in a slightly more speculative class.

Barnsdall 8s of 1931, while not possessing the same margin of safety as the preceding issues, are worthy of a business man's consideration. The convertible feature which allows conversion into B stock at $40 per share (par $25) has no value at the present writing but the yield on the bonds is attractive enough to warrant purchase by an individual willing to assume a moderate degree of risk.

Marland's $20,000,000 5% notes sell on a comparatively low yield basis because of their early maturity. They constitute practically the entire funded debt of the company. Marland has a working capital of nearly $21,000,000 and its improved earnings' position is evidenced by the restoration of dividends to a $3 basis this year. The notes are redeemable at option of the company, in whole only, upon 60 days' notice, on May 1, 1925, at 101½ and accrued interest on Nov. 1, 1925, at 101 and on May 1, 1926, at 100¾ and accrued interest.

The funded issues of *Transcontinental*, *Superior*, *Skelly* and *Sinclair* are frankly speculative. Transcontinental and Superior's issues, in particular, appear to offer little to the conservative investor. The fact that the Skelly notes are convertible into stock, now selling around 29, on the basis of 1 share of $25 par value stock for each $25 of notes gives a speculative potentiality which may appeal to some.

The *Sinclair* issues have worked in firmer ground this year and if the present improvement, which the company is now showing, continues, they will soon be entitled to a better investment rating. The first lien 6s, series "C" carry stock purchase warrants which entitle the holder of each $1,000 bond to subscribe for common stock as follows: 50 shares at $20 per share if exercised on or before Dec. 1, 1925; 45 shares at $22.50 a share if exercised on or before Dec. 1, 1926, and 40 shares at $25 per share if exercised on or before June 1, 1927. The warrants account for the lower yield price at which this issue sells in comparison with the series "A" and series "B."

PRODUCTION TAPERS OFF

(*Continued from page* 436)

up and prices have stiffened. Aggregate sales over the past few weeks mount into fairly large figures. Consumers are apparently attracted by the low level of prices. It is doubtful, however, that they would attempt to follow the market upward should prices tend to rise materially.

There seems little reason to anticipate an early change in the existing trend of iron and steel since the building and automobile industries are entering the period of restricted operations. Railroad buying, particularly

in respect to rolling stock, shows little vigor and no large tonnages seem to be in sight.

MACHINERY

Farm Implement Prospect

Reports from steel making centers indicate that the demand for steel among farm implement manufacturers has been running to large totals. Sales by these companies are said to be in excess of those for the past five years. It is quite apparent that the farm machinery makers have definitely turned the corner. There has been some loss in export business but this is greatly outbalanced by the sharp rise in domestic demand.

Farmers are realizing satisfactory prices for their crops and the restoration of agricultural purchasing power is thus keenly felt by the implement manufacturers. An added influence of favorable import is the greatly improved financial condition of agriculture.

Earnings Improve

The impressive expansion in machinery sales promises to make 1925 the best year from an earnings standpoint since 1920. Dealers have taken heart and are now buying in anticipation of future demands, while manufacturers are well supplied with orders calculated to keep plants busy for several months even with no further gain in business.

The recovery is not entirely uniform, however. Orders for heavy farm machinery are being deferred while tractor sales constitute a feature of the situation. Although price levels are lower, profit margins should show a decided increase as a consequence of large scale output, following the marked gain in total sales.

OIL

Position Good

Production of gasoline continues heavy but consumption is running to record totals and reserve stocks are being drawn down to meet the demand Figures compiled by the American Petroleum Institute indicate a loss of 17.22 million gallons in storage during the month of May, due largely to reduction of reserve supplies in California. The healthier statistical position in the Pacific Coast district is largely responsible for firmer gasoline markets on the Atlantic seaboard. Less California gasoline is coming into competition with the product of eastern refiners.

The crude oil outlook continues to improve although the Smackover field is still an unknown quantity. While the rapid decline in output from that section has resulted in a sharp drop in total production, reports indicate the

Keep your dividend notices before the investing public! The following companies realize the value of this form of advertising:

DIVIDENDS

COLUMBIA GAS & ELECTRIC COMPANY

The Board of Directors has this day declared the following quarterly dividends:

Cumulative 7% Preferred Stock, Series A
No. 4, $1.75 per share

Common Stock (No-Par Value)
No. 35, 65 cents per share

Both dividends are payable August 15, 1925, to shareholders of record at the close of business July 31, 1925.

EDWARD REYNOLDS, Jr.,
Vice-President–Treasurer.

June 25, 1925.

THE BELL TELEPHONE COMPANY OF CANADA

NOTICE OF DIVIDEND

A Dividend of Two per cent (2%) has been declared payable at the office of the Company, in Montreal, on July 15th, 1925, to Shareholders of record at the close of business on June 23rd, 1925.

W. H. BLACK,
Secretary-Treasurer.

Montreal, June 3rd, 1925.

HUPP MOTOR CAR CORPORATION

Detroit, Michigan, June 25, 1925.

The Directors have declared a quarterly dividend of 2½% on the COMMON stock of the corporation, payable August 1, 1925, to stockholders of record July 15, 1925. Checks will be mailed.

A. VON SCHLEGELL, Treasurer.

WEST PENN POWER COMPANY

New York, N. Y., June 13, 1925.

The Board of Directors of West Penn Power Company has today declared quarterly dividend No. 38 of one and three-fourths (1¾%) per cent. upon the 7% Cumulative Preferred Stock of the Company, for the quarter ending July 31, 1925, payable on August 1, 1925, to stockholders of record at the close of business on July 15, 1925.

C. F. KALP, Treasurer.

WESTERN POWER CORPORATION

The Board of Directors has declared a quarterly dividend of one and three quarters per cent on the preferred stock for the quarter ending June 30, 1925, payable July 15, 1925 to preferred stockholders of record at the close of business June 30, 1925.

F. M. TOMPKINS, Treasurer.

(Continued on page 473)

presence of a new and deeper light oil-bearing sand. Should this sand develop possibilities for large output, present estimates of the crude oil situation might undergo some revision. The steady falling off in light oil supply has encouraged hope of further price advances. At the present writing, these have failed to materialize, possibly on account of the industry's desire to avoid too much new drilling.

A conservative attitude on the part of producers at this stage would undoubtedly go a great way toward maintaining the oil industry on a firm basis. With consumption well in excess of earlier expectations and production tending strongly downward, price improvement along moderate lines may reasonably be anticipated and is much to be preferred to undue enthusiasm.

Important Dividend Announcements

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Annual Rate		Amount Declared		Stock Record	Payable
6%	Amer. Gas & El. pf..	1½%	Q	7-10	8- 1
10%	Amer. La France cm.	2½%	Q	8- 1	8-15
8%	Amer. Shipb'ldg cm.	2%	Q	7-15	8- 1
$6	Am. Smelt. & Ref. cm.	$1.50	Q	7-10	8- 1
$7	Am. Smelt. & Ref. pf.	$1.75	Q	8- 7	9- 1
$1.20	Am. Water Wks. cm.	$0.30	Q	8- 1	8-15
$6	Am. W. Wks. 6% pf.	$1.50	Q	8- 1	8-15
$7	Am. W. Wks. 7% pf.	$1.75	Q	8- 1	8-15
$3	Anaconda Copper ...	$0.75	Q	7-18	8-24
$2.52	Assoc. Dry Gds. new com.	$0.63	Q	7-11	8- 1
$4	Borden Co. cm......	$1.00	Q	8-15	9- 1
$5	Chic. Pneu. Tool .cm.	$1.25	Q	7-15	7-25
—	Childs Co. cm.......	1%	stk	8-28	9- 1
—	Childs Co. cm.......	1%	stk	11-28	12-30
$6	Com'wealth Pwr. pf..	$1.50	Q	7-13	8- 1
$4	Crucible Steel cm....	$1.00	Q	7-15	7-31
—	Dupont (E. I.) cm...	40%	stk	7-27	8-10
$2.40	Fair, The, cm.......	$0.20	M	7-20	8- 1
$7	Gen. Motors pf......	$1.75	Q	7-13	8- 1
$6	Gen. Motors pf......	$1.50	Q	7.30	8- 1
$6	Gen. Motors deb pf..	$1.50	Q	7-30	8- 1
7%	Gimbel Bros. pf......	1¾%	Q	7-15	8- 1
$6	Gulf, Mob. & Nor. pf.	$1.50	Q	8- 1	8-15
$1	Intertype Corp. cm...	$0.25	Q	8- 3	8-15
—	Intertype Corp. cm...	$0.25	Ext	8- 3	8-15
6%	Int'l Paper pf.	1½%	Q	7- 7	7-15
$6	Louis. & Nash......	$3.00	SA	7-15	8-10
7%	Macy, R. H., pf....	1¾%	Q	7-18	8- 1
$1	Marlin-Rockwell cm..	$0.25	Q	7-20	8- 1
10%	May Dept. Stores cm.	2½%	Q	8-14	9- 1
7%	May Dept. Stores pf.	1¾%	Q	9-15	10- 1
$7	McCrory Stores pf..	$1.75	Q	7-10	8- 1
$7	McCrory Stores pf...	$1.75	Q	10-20	11- 1
$4	N. Y. Air Brake cm.	$1.00	Q	7- 8	8- 1
12%	Packard Motor cm...	3%	Q	7-15	7-31
—	Packard Motor cm..	5%	Ext	7-15	7-31
7%	Packard Motor pf...	1¾%	Q	8-31	9-15
5%	Pere Marquette pf..	1¼%	Q	7-15	8- 1
5%	Pere Marq. Pr. pf...	1¼%	Q	7-15	8- 1
$7	Pressed Steel Car pf.	$1.75	Q	8-18	9- 8
8%	Reading Co. cm......	2%	Q	7-20	8-13
4%	Reading Co. 1st pf...	1%	Q	8-24	9-10
4%	Reading Co. 2d pf...	1%	Q	9-22	10- 8
—	Rem'ton Type. 2d pf..	$2.00	Q	8- 4	8-14
$2	St. Jos. Lead cm.....	$0.50	Q	9- 9	9-21
$4	Sterling Products ...	$1.00	Q	7-15	8- 1
$3	Underwood Type. cm.	$0.75	Q	9- 5	10- 1
$7	Underwood Type. pf..	$1.75	Q	9- 5	10- 1
7%	United Drug 1st pf.	1¾%	Q	7-15	8- 1
6%	United Drug 2d pf..	1½%	Q	8-15	9- 1
$4	Weber & Heilbronner cm.	$1.00	Q	9-15	9-30
$3	Wrigley, Wm., Jr....	$0.25	M	8-20	9- 1

WHAT THE NEWS MEANS

(Continued from page 423)

Government's appropriation of $18,000,000 will be only a drop in the bucket compared with what will be spent by private interests.

Some Talk—

—is going the rounds that Standard of New Jersey is planning to redeem its preferred stock which is retirable at 115. It is not believed that such action is imminent though the company has a working capital of approximately $428,000,000. While the retirement of the preferred would reduce dividend charges $14,000,000 annually, it would require $230,000,000. Big oil companies are able to maintain their positions only by possessing large working capitals.

American Water Works'—

—retirement of its participating preferred stock will strengthen the position of the junior issue and will also enable the company to finance by the sale of additional common stock. Preferred stockholders may accept the retirement price of 105 or may elect to take one-half share of first preferred and one-half share of common plus a cash adjustment of $27 per share for each share of participating preferred.

Soviet Manganese—

—concessions to W. A. Harriman & Co. and German and British associates will yield, it is figured, a minimum of $62,000,000 royalties to the Soviet government and $120,000,000 to the bankers. The Harriman group will have control of the Chiatouri manganese fields in the district of Georgia, said to be the largest and most productive in the world. This financial deal of first magnitude is, doubtless, the precursor of others perhaps equally as important.

Exchange of S. O., N. J.—

—stock for the balance of Humble Oil stock on the basis of two Standard shares for one Humble share, lacks market confirmation. There is a "spread" of approximately 11 points in the prices of the issues on the exchange basis. Had such an exchange been imminent the insiders would have either sold Humble or bought Standard until the gap no longer existed. Insiders are never slow in taking advantage of such opportunities.

International Tel. & Tel.—

—has obtained a substantial interest in the Compagnie des Telephone Thomson-Houston Co. in France. By some, this step is taken to mean an entering wedge in a new and fertile field. It will be recalled that last year the company took over the Spanish tele-

IDEAS — SERVICE — COMMODITIES

THE OPPORTUNITY EXCHANGE
A Clearing House For Business Men

MEN — AGENTS — BUSINESS OPPORTUNITIES

Charters

DELAWARE incorporator; charters; fees small; forms. Chas G. Guyer, 901 Orange St., Wilmington, Del.

Dividends

AMERICAN WATER WORKS AND ELECTRIC COMPANY, INCORPORATED

The regular quarterly dividend of 1¾% per cent. on the 7% Cumulative First Preferred Stock of this Company for the quarter ending July 27, 1925, has been declared payable August 15, 1925, to stockholders of record at the close of business August 1, 1925.

A dividend of 1½% per cent. has been declared on the 6% Participating Preferred Stock of the Company, payable August 15, 1925, to stockholders of record at the close of business August 1, 1925.

A dividend of 1½ per cent. has been declared on the Common Stock of the Company, payable August 15, 1925, to stockholders of record at the close of business August 1, 1925.

W. K. DUNBAR, Secretary.

New York, June 23, 1925.

BAYUK CIGARS

INCORPORATED

Philadelphia, Pa.

Quarterly dividend of 1¾% on the First Preferred stock of this corporation; 1¾% on the Convertible Second Preferred stock, and 2% on the 8% Second Preferred stock have been declared payable July 15th, 1925, to holders of said stock of record at the close of business June 30th, 1925.

Checks will be mailed.

Harvey L. Hirst, Secretary.

June 19th, 1925

ANACONDA COPPER MINING CO.

25 Broadway

New York, June 23, 1925.

DIVIDEND NUMBER 88

The Board of Directors of the Anaconda Copper Mining Company has declared a dividend of Seventy-five Cents (75c) per share upon its Capital Stock of the par value of $50. per share, payable August 24, 1925 to holders of such shares of record at the close of business at 12 o'clock, Noon, on July 18, 1925.

A. H. MELIN, Secretary.

WEST PENN RAILWAYS COMPANY

New York, N. Y., June 23, 1925.

The Board of Directors of West Penn Railways Company has today declared quarterly dividend No. 33 of one and one-half (1½%) per cent., for the quarter ending September 15, 1925, payable upon the 6% Cumulative Preferred Stock of the Company on September 15, 1925, to stockholders of record at the close of business on September 1, 1925.

C. F. KALP, Treasurer.

THE WEST PENN COMPANY

New York, N. Y., June 23, 1925.

The Board of Directors of The West Penn Company has today declared quarterly dividend No. 11 of One Dollar ($1.00) per share payable upon the Common Capital Stock of the Company on September 30, 1925 to stockholders of record at the close of business on September 15, 1925.

C. F. KALP, Treasurer.

THE WEST PENN COMPANY

New York, N. Y., June 23, 1925.

The Board of Directors of The West Penn Company has today declared quarterly dividend of one and three-fourths (1¾%) per cent., for the quarter ending August 15, 1925, payable upon the 7% Cumulative Preferred Stock of the Company on August 15, 1925 to stockholders of record at the close of business on August 1, 1925.

C. F. KALP, Treasurer.

Business Opportunities

We have Estates, Orchards, and Farms in the Shenandoah Valley offering splendid opportunities for investment, development, or speculation. Shenandoah Realty Company, Winchester, Virginia.

FLORIDA is calling you to health and fortune making opportunities in The Garden of The Great Outdoors. Free Illustrated Literature—Latch-String Magazine, Umatilla, Florida.

Producing royalties for sale. F. P. Borden Co., Camden, Arkansas.

Dividends

HAPPINESS CANDY STORES, INC.

At a meeting of the Board of Directors held this day, an initial semi-annual dividend of Twenty-five Cents (25c.) per share on the capital stock was declared, payable on July 15, 1925, to stockholders of record at the close of business on July 3, 1925.

GEORGE WATTLEY
Treasurer

Dated June 22, 1925.

The Baltimore & Ohio Railroad Co.

OFFICE OF THE SECRETARY

Baltimore, Md., June 24, 1925.

The Board of Directors this day declared for the three months ending June 30, 1925, from the net profits of the Company a dividend of one (1) per cent on the Preferred Stock of the Company, payable September 1, 1925, to the Stockholders of record at the close of business on July 18, 1925.

The Board also declared from the surplus profits of the Company a dividend of one and one-quarter (1¼) per cent on the Common Stock of the Company, payable September 1, 1925, to the stockholders of record at the close of business on July 18, 1925.

The Transfer Books will not close.

C. W. WOOLFORD, Secretary.

The New York Air Brake Company

New York, June 17th, 1925.

The Board of Directors has this day declared a dividend of One Dollar ($1.00) per share upon the outstanding No-par-value Class "A" Stock for the Quarterly Period to and including September 30th, 1925, payable October 1st, 1925, to stockholders of record at the close of business on September 9th, 1925.

R. B. SHERIDAN,
Secretary.

The New York Air Brake Company

New York, June 17th, 1925.

The Board of Directors has this day declared a regular Quarterly Dividend of One Dollar ($1.00) per share upon the outstanding Common No-par-value Stock, payable August 1st, 1925, to stockholders of record at the close of business on July 8th, 1925.

R. B. SHERIDAN,
Secretary.

CHICAGO PNEUMATIC TOOL COMPANY

Dividend No. 81

A quarterly dividend of one and one-quarter percent has been duly declared on the Common Stock of this Company, payable July 25th, 1925, to stockholders of record at the close of business July 15th, 1925.

J. G. GRIMSHAW, Treasurer.

New York, June 24, 1925.

Printing

LITHOGRAPHED LETTERHEADS

For $1.25 PER THOUSAND

COMPLETE

THIS low price applies to lots of 50M lithographed in black ink on our white Paramount Bond, 20 lb. basis. A Beautiful Strong Snappy Sheet. We can supply 25M at $1.50 per M; or 12,500 at $1.75 per M. On Billheads, Statements and Noteheads, size 5½ x 8½, our prices are 85c and 90c per M. ENVELOPES TO MATCH $1.50 PER THOUSAND. Booklet of Engraved Headings on our Paramount Bond sent you on request.

GEORGE MORRISON CO.

422-430 East 53rd St., New York City

TELEPHONES PLAza 1874-1875

Established 1898 Incorporated 1905

5,000 Hammermill Bond Letterheads, $14.00; 10,000 — $24.00; 25,000 — $56.50; 50,000 — $108.00; 100,000—$213.00. 8½ x 11 20 lb. Envelopes to match, same price. William W. Webb, Salisbury, Md.

Dividends

"CANADA DRY" GINGER ALE

Dividend on "A" stock

Dividend on "B" stock

At the June meeting of the Board of Directors of Canada Dry Ginger Ale, Incorporated, held June 15 at their offices, 25 West 43rd Street, New York, the regular quarterly dividends of 75c a share on both "A" stock and "B" stock were declared, together with an extra dividend of 50c a share on both "A" stock and "B" stock. This will be payable July 15 to stock of record July 1.

W. C. HANSON, Secretary.

INTERNATIONAL PAPER COMPANY

New York, June 24, 1925.

April 29, 1925 The Board of Directors declared a quarterly dividend of one and one-half per cent (1½%) on the 6% Preferred Stock and an initial quarterly dividend of one and three quarters per cent (1¾%) on the 7% Preferred Stock payable July 15th, 1925 to holders of record of the respective stocks at the close of business July 7th, 1925.

Holders of the 6% Preferred Stock surrendering their stock certificates on or before July 7th, 1925, either to Bankers Trust Company, 14 Wall Street, New York City or to the First National Bank of Boston, 67 Milk Street, Boston, Mass., for exchange for the 7% Preferred stock together with the requisite cash payment of $10.00 per share will be entitled to receive dividend payable July 15th on the 7% Preferred. Checks will be mailed. Transfer books will not close.

OWEN SHEPHERD, Treasurer.

AUSTIN, NICHOLS & CO.

(Incorporated)

June 17th, 1925.

The regular quarterly dividend of one and three quarters per cent (1¾%) on the preferred stock has this day been declared, payable August 1, 1925, to stockholders of record, Wednesday, July 15th, 1925, at three o'clock p. m. Transfer books will not close.

THOMAS M. McCARTHY,
Treasurer.

phone system in conjunction with the Spanish government.

Copper Surplus—

—totaled 97,000 short tons, or 194,000,000 lbs., on June 1 last. This is the smallest total since July 1, 1923, and is a 50,000,000 lb. reduction since April 1. This decrease came about largely through reduction in outputs, but the main result so far, has been to steady the price of the metal without advancing it. Some day the coppers will come into their own, but that day does not appear imminent.

New Haven—

—has definitely entered the field of motor transportation by the incorporation of the New England Transportation Co. for $1,000,000. This subsidiary will transport passengers and goods by motor in Massachusetts, Rhode Island, Connecticut and New York in connection with New Haven's rail service.

Something New—

—appears in the offering of trust certificates with fifteen foreign bonds as the collateral behind the certificates. The idea is to provide a diversification of investment risks and to take advantage of the high yields of foreign bonds as compared with domestic issues. In fact, it is the investment trust idea applied to foreign bonds. The success of the plan, of course, depends upon the continued improvement in the foreign situation.

Tennessee Copper's—

—earnings for the first quarter of the current year indicate that the company is benefiting from the improvement in the fertilizer business. It is expected that Tennessee will soon retire the $513,000 outstanding bonds of its operating subsidiary, which will clear the way for dividends on the stock.

$20,000,000

MORTGAGE BANK OF CHILE

(Caja de Crédito Hipotecario)

GUARANTEED SINKING FUND 6½% GOLD BONDS, DUE JUNE 30, 1957

UNCONDITIONALLY GUARANTEED, AS STATED BELOW, AS TO PRINCIPAL, INTEREST AND SINKING FUND, BY ENDORSEMENT, BY THE REPUBLIC OF CHILE

Coupon bearer bonds in denominations of $1,000 and $500 each. Principal and interest to be payable, at the option of the holders, in New York City at the office of Kuhn, Loeb & Co. or of Guaranty Trust Company of New York, in United States gold coin of or equal to the standard of weight and fineness existing June 30, 1925, or in Santiago, Chile, at the office of the Caja, by sight draft on New York City, without deduction for any taxes, imposts, levies or duties of any nature now or at any time hereafter imposed by the Republic of Chile or by any state, province, municipality or other taxing authority thereof or therein and to be payable in time of war as well as in time of peace and whether the holder be a citizen or a resident of a friendly or a hostile state.

Interest payable June 30 and December 31

His Excellency, the Honorable Beltran Mathieu, Ambassador Extraordinary and Plenipotentiary of the Republic of Chile, summarizes his letter of June 25, 1925, copies of which are obtainable at the offices of the undersigned, as follows:

"The Bonds are unconditionally guaranteed as to principal, interest and sinking fund, by endorsement, by the Republic of Chile, pursuant to Decree Law of the Governing Council, dated March 9, 1925, and an Executive Decree, dated June 15, 1925 (supplementing said Decree Law), issued under the authority of President Alessandri and his Cabinet, who are functioning as the Government of Chile, Congress having been dissolved in September, 1924, pending the adoption of a new Constitution which is now being drafted. The guaranty thus authorized is valid and binding upon the Republic of Chile.

Beginning December 31, 1925, the Bonds will be redeemable through a cumulative sinking fund calculated to retire the whole issue by June 30, 1957, to be applied on each semi-annual interest date to the redemption by lot of Bonds at par. The Caja will have the right to increase the amount of any sinking fund payment for the redemption of additional Bonds on any interest date, and in any such case appropriate reductions will be made in subsequent sinking fund payments. This right is reserved because repayments on the mortgage loans can be made by the borrowers either in cash or in bonds of the Caja in excess of the fixed minimum amortization payments and the Caja is not permitted by law to have its bonds outstanding in excess of the mortgage loans against which they are issued."

"The Caja de Credito Hipotecario was created by law of August 29, 1855 for the purpose of making available credit facilities on reasonable terms for the development and improvement of real property in Chile. The Board of Directors is selected by both Legislative Chambers of Chile and the Chairman of the Board and four officers are appointed by the President of the Republic.

During its entire existence of seventy years the Caja has operated successfully and has never failed to meets its obligations. The losses of the Caja on property foreclosed under its mortgages have not exceeded $40,000 in the aggregate for the last ten years.

The Caja issues its bonds only against mortgages registered in its name. It has no capital stock and is not operated for profit. It has power to charge a commission to provide for its expenses and for a reserve fund as additional security for its bonds. Having accumulated a sufficient reserve it has now discontinued charging such commission.

The Caja makes only first mortgage loans. On December 31, 1924 it had outstanding various issues of bonds aggregating $84,995,700 at approximate present rates of exchange, against which it had made more than 9.800 mortgage loans, being an average of not more than $9,000 per loan. The aggregate appraised improved value of the properties mortgaged as security for these loans amounted to more than four times the amount of the loans. As a further security for its bonds the Caja has accumulated a reserve fund of approximately $5,118,000 at approximate present rates of exchange.

Prior to the war, in 1911 and 1912, three issues of 5% Bonds of the Caja, not endorsed with the guaranty of the Government, were made in Europe, at prices from 96¾ to 99¼%.

The bonds of the Caja are legal investments for savings banks and trust funds in Chile.

Chile is a mining and agricultural country. Its mineral products are largely raw materials for essential industries. Exports consist chiefly of nitrates and by-products of the nitrate industry, copper, borax, wool and agricultural products. The nitrate deposits are the only large natural deposits so far discovered in the world. The Copper industry has been extensively developed, largely by American capital.

The trade balance is favorable. Since 1915 imports have exceeded exports in only one year. The total foreign trade for 1923 (the last year for which official figures are available) aggregated $318,000,000, at the approximate present rate of exchange and the balance of exports over imports amounted to $78,000,000.

The Government debt today, including the present and all other obligations guaranteed by the Republic, aggregates about $250,000,000 at approximate present rates of exchange. The proceeds of the Government loans were largely used for railways, harbor construction and for public works. The Government owns 3,624 miles of railroads, telegraph lines and other property, of an estimated value of approximately $650,000,000 at approximate present rates of exchange, which is well in excess of the entire amount of the debt. In addition the Government owns large and very valuable tracts of nitrate lands.

The present currency circulation of Chile at the present rate of exchange of about 11⅛ cents per peso, is equivalent to $35,855,645. Part of this currency is covered by gold reserves, part by commodities and part by mortgage loans and other obligations. The total gold reserve amounts to approximately $41,800,000, which is in excess of the dollar equivalent of the present currency circulation."

THE UNDERSIGNED WILL RECEIVE SUBSCRIPTIONS FOR THE ABOVE BONDS, SUBJECT TO ALLOTMENT, AT 97⅜% AND ACCRUED INTEREST TO DATE OF DELIVERY, TO YIELD 6.70% TO MATURITY

The undersigned reserve the right to close the subscription at any time without notice, to reject any application, to allot a smaller amount than applied for, and to make allotments in their uncontrolled discretion.

The bonds and the guaranty are, in the opinion of American and Chilean counsel, valid obligations respectively of the Caja de Credito Hipotecario and the Republic of Chile.

The above bonds are offered if, when and as issued and received by the undersigned and subject to the approval of counsel. In the first instance, interim certificates of Guaranty Trust Company of New York will be delivered against payment in New York funds for bonds allotted, which interim certificates will be exchangeable for definitive bonds when prepared.

Application will be made in due course to list these bonds on the New York Stock Exchange.

Kuhn, Loeb & Co. Guaranty Company of New York

New York, June 25, 1925.

Subscriptions for the above Bonds having been received in excess of the amount offered, the subscription list has been closed and this advertisement appears as a matter of record only.

Important Corporation Meetings

Company	Specification	Date of Meeting
International Nickel	Pfd. Div.	7-6
Miami Copper	Dividend	7-6
Atch., Top. & San. Fe. Ry.	Directors	7-7
Brown Shoe	Pfd. Div.	7-7
Case (J. I.) Plow Works	Special	7-7
Fisher Body Corp.	Dividend	7-7
Gimbel Bros., Inc.	Pfd. Div.	7-7
Intertype Corp.	Com. Div.	7-7
Moon Motor Car	Annual	7-7
Nash Motor	Pfd. & Com. Divs.	7-7
Amer. Radiator	Pfd. & Com. Divs.	7-8
Cluett, Peabody	Com. Div.	7-8
Continental Can	Directors	7-8
Gillette Safety Razor	Dividend	7-8
Shell Union Oil Co.	Directors	7-8
Woolworth, F. W.	Dividend	7-8
California Packing	Dividend	7-9
Colo. Fuel & Iron	Directors	7-9
Simmons Co.	Pfd. Div.	7-9
Southern Pacific	Directors	7-9
General Cigar Co.	Directors	7-12
Cerro de Pasco Copper	Directors	7-14
U. S. Realty & Improvement	Annual	7-14
Amer. Water Wks.	Pfd. & Com. Divs.	7-15
Nat'l Cloak & Suit	Pfd. Div.	7-15
Sinclair Consol.	Pfd. Div.	7-15
West Penn. Co.	Directors	7-15
Columbia Gas & Elec.	Directors	7-16
Crucible Steel	Directors	7-16
National Lead	Pfd. & Com. Divs.	7-16
Tobacco Products	Directors	7-16
U. S. Cast Iron Pipe	Directors	7-16
Hudson Motor Car	Directors	7-20
Mexican Seaboard Oil	Directors	7-20
Stewart-Warner Speed.	Dividend	7-20

Securities and Commodities Analyzed in This Issue

For Feature Articles to Appear in the Next Issue — See Page 387

All of this stock having been sold, this advertisement appears as a matter of record only.

New Offering

200,000 Shares

Engineers Public Service Company

$7 Dividend Preferred Stock

Preferred both as to Assets and Cumulative Dividends

Deliverable under 50% paid Allotment Certificates under which each share of Prefererd Stock now offered will carry one-half share of Common Stock.

Shares without nominal or par value and without voting rights except in case of dividend default, and otherwise as provided in charter. Preferred over the common stock and entitled in liquidation to $100 per share and accrued dividend, plus a premium of $10 per share if such liquidation be voluntary. Redeemable as a whole or in part at the option of the Company upon thirty days notice at $110 per share and accrued dividend. Dividends payable quarterly January 1, April 1, July 1, and October 1, the first payment to be due October 1, 1925.

Application will be made in due course to list Allotment Certificates on the New York Stock Exchange and the Boston Stock Exchange.

THE CHASE NATIONAL BANK, New York, Transfer Agent.
THE HANOVER NATIONAL BANK, New York, Registrar.

STONE & WEBSTER, INC., Boston, Transfer Agent.
NATIONAL SHAWMUT BANK OF BOSTON, Boston, Registrar.

The following information regarding the Company has been summarized from letter of Mr. Charles A. Stone, Chairman of the Board of Directors:

BUSINESS: **Engineers Public Service Company, organized under the laws of Delaware has been formed by Stone & Webster, Inc., and Associates, to acquire public utility properties directly or through subsidiaries. Through its initial purchase it will acquire more than two-thirds of the Common Stock of Virginia Railway and Power Company and will have voting rights in respect to a majority of the Preferred Stock of that Company under arrangements whereby it may purchase such Preferred Stock prior to July 1, 1926, if it so elects. The Company will acquire at an aggregate price of about $2,500,000, directly or through a subsidiary the entire Capital Stock of Spottsylvania Power Company, a majority interest in coal properties now supplying a substantial portion of the requirements of Virginia Railway and Power Company and valuable water power rights and other properties in this territory. The policy of the Company will be to acquire additional public utility properties when obtainable on advantageous terms and pursuant to this policy several other properties are under consideration.**

The companies initially included furnish electric light and power, street railway and/or gas service in Richmond, Norfolk, Portsmouth, Suffolk, Petersburg, Hopewell, Fredericksburg and Ashland, Virginia, and Weldon and Roanoke Rapids, North Carolina, and surrounding territory with an aggregate estimated population of about 500,000. The properties include electric generating stations with a capacity of 165,000 horsepower, of which 28,000 horsepower is hydro-electric, also rights for further hydro-electric developments of over 100,000 horsepower.

PURPOSE OF ISSUE: **The net proceeds from these 50% paid Allotment Certificates and from the sale to the organizers of the Company of 400,000 shares Common Stock, will provide funds for the purchase of the above Common Stock of Virginia Railway and Power Company, for working capital and for other corporate requirements.**

CAPITALIZATION: **Upon completion of this financing and property acquisitions, the consolidated capitalization of Engineers Public Service Company and its public utility subsidiaries will be substantially as follows:**

	Authorized	*Outstanding*
Bonds of Subsidiaries & Securities of Leased Company....	x	$28,014,500
Preferred Stock & Minority Common of Subsidiaries........		13,277,980
Preferred Stock .... (Including $7 Dividend Stock now offered under 50% paid Allotment Certificates)	400,000 shs.	200,000 shs.*
Common Stock .... (100,000 shares to go with Allotment Certificates and 400,000 shares sold for cash)	1,000,000 shs.	500,000 shs.**

x Principal mortgages closed except for refunding.
* The full amounts will not be outstanding until the allotment price is paid in full.
** The purchasers of 400,000 shares of common stock in connection with such purchase will receive Option Warrants for purchase of an additional 200,000 shares of common stock on or before January 2, 1928 at $25 per share, thereafter on or before July 1, 1930 at $27.50 per share and thereafter on or before January 2, 1933 at $30 per share. Such purchasers will also participate in underwriting commissions on this offering.

EQUITY: **The proceeds from sale of 400,000 shares Common Stock for cash, gives an equity of more than 50% of the net amount initially paid into the Company on the Allotment Certificates and 25% of the net amount to be received for the Allotment Certificates when paid in full.**

No Preferred Stock, after the first 200,000 shares, shall be issued unless the Company shall have issued junior stocks in excess of 500,000 shares Common Stock to be presently issued, for a consideration equal to 25% of the amount received or to be received for such Preferred Stock, all as provided in the charter.

EARNINGS: **The consolidated earnings of Virginia Railway and Power Company and subsidiaries and Spottsylvania Power Company as compiled from official sources were for the twelve months ending December 31, 1924, after deduction of all prior charges and the proportion of earnings and depreciation applicable to minority interests, over 2½ times the annual dividend requirements on the 50% paid Allotment Certificates now offered and for the last 3 calendar years have averaged over twice these requirements.**

SUPERVISION: **Stone & Webster, Inc., will be identified with the operation of subsidiary companies of Engineers Public Service Company.**

All legal matters in connection with the issue of this Stock will be passed upon by Messrs. Rushmore, Bisbee & Stern of New York for the Bankers and by Messrs. Tyler, Tucker, Eames & Wright of Boston for the Company.

PAYMENT: The allotment price of $100 for one share of Preferred Stock together with one-half share of Common Stock is payable 50% on or about July 7, 1925, subsequent calls to be at intervals of not less than 90 days and no call to be made before Jan. 1, 1926 or for more than 10% of the allotment price plus accrued dividend on the amount of the call. Purchasers have the option, however, to make payment in full at any time with adjustment of accrued dividend on amount of payment, and on such full payment, but not before July 1, 1926 unless anticipated by the Directors, will be entitled to receive the certificates for the Preferred Stock so paid for and in addition ½ share of Common Stock with each share of Preferred Stock.

Transferable Allotment Certificates will be deliverable on or about July 7, 1925. Holders of these Certificates will be entitled to receive dividends at the rate of 7% per annum on the amount paid in on the allotment price as shown on the Allotment Certificates, when declared as dividends on the Preferred Stock and also any dividends that may be paid on the Common Stock called for in the Allotment Certificate.

We offer this stock in the form of Allotment Certificates when, as and if issued, subject to approval of legal matters by counsel.

Price $100 per share—Now payable $50 per share

Stone & Webster, Inc.
Brown Brothers & Co.

Blair & Co., Inc.
Blodget & Co.

We do not guarantee the statements and figures presented herein, but they are taken from sources which we believe to be reliable.